JPRS-LAM-86-096

2 OCTOBER 1986

Latin America Report

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JPRS-LAM-86-096

2 OCTOBER 1986

LATIN AMERICA REPORT

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ANDEAN, EEC INVESTORS MEETING REPORTED

PA100446 Caracas Television Service in Spanish 0000 GMT 11 Sep 86

[Report by Carlos Fernandes]

[Excerpts] Vast investment possibilities for the Cartagena Agreement signatories opened up today with the institution of the Andean-European managerial meeting, where approximately 100 businessmen will discuss partnership possibilities.

At this meeting, organized by the Cartagena Agreement's Board, the EEC and the Superintendency of Foreign investments will analyze 82 projects of Andean countries involving $500 million, which are basically from the agroindustrial sector. Of this group, Venezuela is presenting 12 projects involving approximately $80 million.

The meeting was called to order by Development Minister Gustavo Mirabel Bustillo, who stressed the importance of the event and the potential it represents for investment.

The exchange between Andean region countries and the EEC was praised by Abel Matures, a credit official from the visiting group who talked about the importance of reinforcing investments.

[Begin Matures recording] To the EEC, the Andean Pact imports represent 27 percent of the total imported from Latin America. In turn, the exports to the Andean Pact also represent 27 percent of total exports to Latin America. The EEC is the Andean Pact's second most important commercial partner after the United States. [end recording]

Pedro Luis Echeverria, coordinator of the Cartagena Agreement board, and Jesus Maria Ponce, superintendent for foreign investments, emphasized the importance of this meeting and the possibilities created with the exchange of views between Andean and EEC businessmen.

This Andean-European managerial meeting will last two more days. The possibilities for the EEC investors to agree with the Andean countries' investors are many.

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CSO: 3348/815

CANADA'S CLARK ON TRADE RELATION'S WITH VENEZUELA

PA091234 Caracas Television Service in Spanish 0000 GMT 9 Sep 86

[Text] Charles Joseph Clark, Canada's secretary of state for foreign affairs, who is visiting Venezuela, reiterated today that his country is committed to striving hard to achieve a sustained drop in interest rates as a mechanism to stimulate growth in the developing nations.

[Begin reporter Carlos Fernandez recording] Speaking before members of the Venezuelan Association of Executives [Asociacion Venezolana de Ejecutivos], the Canadian foreign affairs secretary talked about general difficulties and the outlook of the world economy. He also talked about the possibilities of expanding trade relations between his country and Venezuela. Regarding the international situation, he said that a lower interest rate will undoubtedly contribute to improving the economic situation of the developing countries, basically those countries which are heavily indebted and unable to promote sustained policies to overcome the crisis. The Canadian Foreign Affairs Secretary felt that industrialized nations must promote adjustments in their economic strategies, as this situation would foster the growth of nations experiencing serious difficulties. He felt that there is rising awareness of economic interdependence which corresponds with his views regarding adjustments in the economic strategies of industrialized nations.

In other comments, Clark criticized the subsidy system the U.S. and European economies have been implementing. He feels that it distorts trade and destroys small agricultural economies, for example. He said: We must reduce tension. Clark added that if tensions do not ease, it would be disastrous for everyone's future. Regarding relations with Venezuela, the Canadian foreign affairs secretary noted that several businessmen from his country, including some who are accompanying him on this tour, are interested in participating in development projects with capital from our country. [end recording]

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INTER-AMERICAN AFFAIRS

PARAGUAYAN-BRAZILIAN COMMON MARKET PROPOSED

PY270214 Madrid EFE in Spanish 1643 GMT 26 Aug 86

[Text] Asuncion, 26 August (EFE)--Paraguayan and Brazilian businessmen have agreed to propose to their respective governments the creation of a common market that will strengthen economic relations between the two countries.

Osvaldo Scavone, chairman of the Paraguayan Industrial Union [UIP], today announced in Asuncion the agreement the UIP reached last week with businessmen and authorities of Parana state, which borders Paraguay.

Paraguayan businessmen, accompanied by Industry and Commerce Minister Delfin Ugarte Centurion, visited Curitiba, capital of Parana State, where they agreed with their Brazilian counterparts, to propose to their respective governments the development of an integration program similar to the one Brazil signed recently with Argentina.

According to Scavone, the objective of this program is to reduce the $226 million deficit in the bilateral trade balance, which currently favors Brazil, "and to establish a more equitable basis for bilateral trade."

The program will be developed from Asuncion and Curitiba, and it contemplates the abolition of tariff barriers to strengthen bilateral trade, and also the adoption of monetary and joint investment agreements, according to reports released today in Asuncion.

According to official sources, Paraguay has had a negative trade balance with Brazil since 1979.

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CSO: 3348/815

SCIENCE AND TECHNOLOGY BRAZIL

EXPLOSIVES R&D, PRODUCTION SURVEYED

Rio de Janeiro REVISTA MILITAR DE CIENCIA E TECNOLOGIA in Portuguese Jan 86 pp 37-81

[Article by Chemical Engineer Lt Col Flavio Escosteguy Merino, GSC: "Production of Solid Fuels in Brazil"]

[Text] This study deals with the production of solid propellants, concentrating on the nation's output capacity. It presents a comparative analysis with respect to the capacity of other producing countries, taking up aspects concerning types of propellants, the manufacturing process involved, as well as the essential characteristics of the propellants. Major emphasis is given to propellants intended for conventional weapons (powder). The cost of these production efforts is also briefly reviewed.

Introduction

Today, Brazil holds an outstanding position on the international war materiel market. The growth rate of the Brazilian industrial establishment has been tremendous, promoted through the support provided by government directives, including the participation of the Armed Forces.

Thus we find that aircraft (trainers, transport, patrol, reconnaissance, tactical, support helicopters, etc.), armored vehicles (20-t and 30-t medium tanks, modernization of combat vehicles, armored reconnaissance vehicles, troop carriers, wheeled and tracked armored vehicles, amphibious vehicles, etc.), warships (patrol boats, corvettes, frigates, etc.), weapons (pistols, rifles, machine-guns, rocket launchers, mortars, conventional cannon, recoilless cannon, etc.) are becoming ever better known by the public through the specialized press and the printed and electronic mass media.

On the other hand, recent conflicts, including those in the South American Theater, are making the importance of the so-called weapon systems on a modern battlefield even more evident. In this field, Brazil is also to be found on the world stage through ground-defense, air-defense, and other systems.

Looking at the structure of this development, we detect a network of R&D facilities--both public and private institutions--which, through basic research and/or technology, provide the impetus necessary for experimental development and industrial production.

Parallel to the above-mentioned research and production efforts and as part of a horizontal industrial development policy, we find emerging thousands of industrial plants which supply parts, raw materials, equipment items, etc., based on a broad range of knowledge including electronics, metallurgy, chemistry, mechanical engineering, textiles, and aerodynamics.

The above points to the existence of a rather tremendous technical complexity, a vast mass of human resources, tremendous sums of money and, most important of all, Brazil's success in attaining the goal of promoting autochthonous development in the national security area, thus minimizing the sector's dependence on foreign support.

It is however obvious that this success would lose its meaning if some basic ingredient--which is essential to the proper use of armored vehicles, aircraft, warships, weapons, etc.--were not to be backed up by a similar support and development policy. To stick to the essentially military field, I might mention one ingredient that is indispensable to make the whole thing effective: the propellant.

Without that, pistols, rifles, machine-guns, mortars, and cannon would be useless; consequently, there would be no use for tanks, aircraft, and warships, such as they are being produced; without propellants, weapon systems are harmless.

It is therefore absolutely urgent and necessary for us to have an integrated development effort where--in the R&D area and in industrial production--the fuel issue keeps step with activities going on today so as to prevent our military production effort from winding up in a rather illogical and uncommon development situation:

"Powder is the soul of each fire arm. Without powder, it would be nothing but a piece of dead steel." (Gallwitz).

The purpose of this study is to demonstrate the essential characteristics of solid fuels, the nation's output capacity, a comparative analysis with respect to the production capacity of other countries, and to present an idea as to the cost involved in this production effort.

The aspects taken up will cover mostly the solid propellants intended for conventional weapons (powder), while those intended for rocket propulsion will be covered in a more superficial fashion.

1. Essential Characteristics of Solid Propellants

1.1. Classification of Propellants

Table I shows a classification of propellants. This study, concentrating on solid propellants, essentially confines the classification such as it is illustrated in tables II and III where we show a possible division of colloidal powders and solid propellants for rockets, also called rocket fuels.

And, among these, we will give major emphasis to propellants intended for conventional weapons, in other words, those usually called powders (Table II).

Table I

- Propellants
  - Propulsive Powders for Arms
    - Black Powder Starting Mixture
    - Colloidal (Homogeneous) Powder
      - Simple Base
      - Double Base
      - Multibase
  - Rocket Propellants
    - Liquid
      - Storable
      - Cryogenics
    - Solid
      - Double Base
      - Composite
      - Modified Composite (CMDB)
    - Hybrid
      - (Lithergols)

Abbreviations Used in this Work

AA--air-to-air
AE--ethyl acetate
AC--acetone
BD--double base powder
BS--single base powder
BP--spherical powder
BT--triple-base powder
BOSEP--Bofors screw extrusion processes
CMDB--composite modified double-base
DS--degree of substitution
DP--degree of polymerization
DPA--diphenylamin
DNT--dinitrotoluene
DBP--dibutylphthalate
DEGN--dinitrate of diethylene glycol
DNDEG--dinitrate of diethylene glycol
DNTEG--dinitrate of triethylene glycol
DNTTEG--dinitrate of tetraethylene glycol
DNPEG--dinitrate of pentaethylene glycol
DNHEG--dinitrate of hexaethylene glycol
EC--ethyl-centralite
ECAM--resorcinol
FOG--rockets
GM--molded grain
HMX--octogene
MB--multibase
MO--manpower
NC--citrocellulose
NG--nitroglycerin
NCa--nitrocellulose of high nitrogen content
NCb--nitrocellulose of low nitrogen content
NIGU--nitroguanidine
Pm--maximum pressure
PU--polyurethane
PS--polysulfate
PBD--polibutadiene
PVC--polyvinylchloride
PIB--polyisobutylene
PLV--powder
PETN--nitropentane
RDX--hexogene
SA--surface-to-air
SS--surface-to-surface
TAGN--nitrate of triaminoguanidine
UK--United Kingdom
Vo--initial velocity
2-NDPA--nitro-2-diphenylamin

Table II

- Colloidal Powders (smoke, homogeneous chemical)
  - Single Base
    - Porous
    - Dense
    - Covered
    - Spherical
    - High-energy (PETN, RDX, etc.)
  - Double Base
    - Ballistites (45% A 50% NG)
    - Double base, without solvents (15% A 30% NG)
    - Cordites (30% A 40% NG)
    - DNDEG, DNTEG
    - High-energy (DEGN/NG, NC*)
    - NPV (80% NC, 20% NPV)
      - Nitroguanidine with solvent
      - NPV without solvent
  - Multibase
    - Triple Base
    - BD X PETN
    - Lova propellant

Table III

- Solid Rocket Propellants
  - Double Base
    - Extruded (Ø < 250 mm)
    - Heat Compression
    - Molded
  - Composite
    - Free Blocks
    - Molded/Glued Blocks
    - Extruded Blocks
      - Plastolanes
      - Butalanes
      - Isolanes
      - Sulfonites
      - etc.
  - CMDB
    - BD + OXYDE + METAL
    - Bonding Agent + BD + OXYDE + Metal + Nitroamins

1.2. Interface with Internal Ballistics

In solving the fundamental problem of internal ballistics, existing theories consider various aspects tied to the shot.

Thus, theory could consider the following component parts of the system:

(a) Starting laws (used very rarely);

(b) Combustion laws (indispensable);

(c) Laws of dynamics (indispensable aspects and use of coefficients);

(d) Energy balance (use with many simplifications);

(e) Escape of fluids (many simplifying assumptions);

(f) Heat exchange (use of coefficients).

Among all of the above-mentioned phenomena, powder is linked primarily to those having to do with combustion. For the powder, we would thus have the following:

weight of charge,
apparent potential,
specific impetus*,
thrust coefficient*,
flow rate coefficient*,
force,
molecular volume,
combustion temperature,
specific heat ratio,
linear combustion velocity,
vivacity,
function of shape,
specific mass,
consumption speed,
molar composition of gases (average molecular weight),
number of gaseous moles per unit of mass (volume of combustion gases) which would basically be achieved through the interaction of the following factors:

(a) energy characteristics (normally the highest possible);

(b) high density (good filling coefficient);

(c) defined and reproducible combustion characteristics (v = f (P), v = f (T), π —temperature coefficients).

The following will also be lined up on a priority basis:

(d) mechanical properties suitable for storage and use (this is more important with respect to rocket propulsion);

(e) satisfactory chemical stability.

Finally, although quite obvious, we must note that—completing what we might call the essential characteristics of propellants—the following must be considered:

(f) industrial availability, both in terms of the safety aspects and in terms of the economic aspects (in time of peace, war, or crisis).

The above-mentioned six essential characteristics normally will mean that the powder grain plan also covers the points listed below; some of them are considered to be secondary characteristics. The importance and order of these items in the projection of the grain will vary from one case to the next:

(a) suitable chemical composition;

(b) homogeneous colloidal state;

(c) determined geometric configuration;

(d) compatible flammability;

(e) hygroscopicity of known mass;

(f) the estimated combustion instabilities (which is more important in connection with rocket propulsion);

(g) the known diffusiveness (density, heat conductivity, and specific heat);

(h) tolerable toxicity (constituents of mass and gases);

(i) controlled erosiveness;

(j) balanced secondary characteristics: muzzle flash, smoke, noise level, etc.

A quick review of these above-mentioned items already enables us to conclude as to the difficulty if not impossibility of a simultaneous combination of all of them due to the contradictory character of many of them. The optimization of these interdependent factors is a permanent job that must be done.

The existing theories therefore try to answer the following basic questions:

(1) knowing the weapon (ignition, metal parts, etc.) and the powder (weight of charge, web, etc.), determine the velocity and the pressure of the shot [round], or

(2) knowing the weapon, the desired Vo and the Pm, determine the necessary powder charge,

in which connection we note that, as for the second question, we do not have a satisfactory theoretical solution in most cases.

Thus--and this even includes large-caliber powders--we have to go into experiments whose results will enable us to exercise more effective control over the phenomenon of the shot as such. This is true of the manometric bomb which furnishes two universally known parameters:

RF (relative force),

RQ (relative dP/dt).

Even so, although the theory and the results of the bomb economize efforts and guide the design of the powder grain, it is still a basic requirement even today to fire the weapon so as to get a definitive idea of the system's performance.

That system consists of the following: weapon--ignition--powder--metal parts.

We might mention some of the theoretical models:

method RD 38;

method OSRD 6468;

Corner method;

Le DUC method;

Charbonnier--Sugot tables;

Winter tables;

G.X.T. tables;

D.E.F.A. tables;

BALCANON-1, BALCANON-2, 3, 4, and 5 programs;

VISO-BAL, GEOTE, BAL PIE programs, etc.

To corroborate what we have said above, we might look at the interesting work entitled "Sensitivity of Ballistic Performance to Propellant Combustion Properties," U.S. Army Armament R & D Command, Dover, N.J., 1978.

1.3. Fundamental Manufacturing Questions

Summarizing, we can group the various manufacturing phases for colloidal powders in three separate stages:

GELATINIZATION

MODELLING

FINISHING.

In the first phase we have the mixture of the ingredients of the powder and the start of the gelatinization process and the densification of the mass.

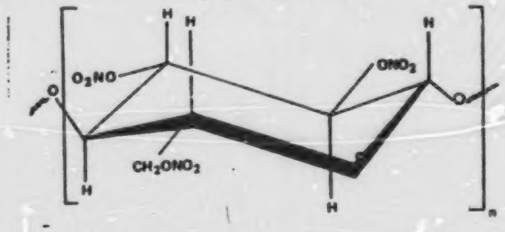
In modelling, we impart the geometric configuration of the grain and, in the final finishing phase, we get the definitive texture, the composition, and the appearance.

The most important aspect, among the phenomena involved in these three stages, is the gelatinization of the powder mass. This gelatinization depends essentially on the characteristics of the nitrocellulose used and marks this ingredient as the most important raw material in the manufacture of powders. As a matter of fact, its large percentage share in the compounds of BS, BD, MB, BP, GM, etc., along with a chemical structure that is not well defined, make it the main point of attention.

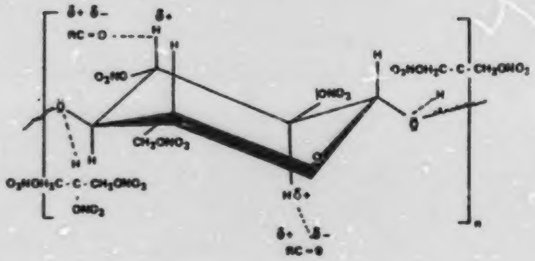
Gelatinization is a disturbance in the amorphocrystalline structure of the polymeric chains of nitrocellulose, promoted by agents which have chemical affinity with this nitric ester of cellulose, thus modifying the initial structure of the product and permitting the procurement of a moldable, plastic, homogeneous and dense mass, capable of acquiring the desired geometric configuration.

From the molecular viewpoint, there takes place a dipole-dipole interaction between the gelatinizing agent and the nitrocellulose. These chemical bonds overcome the forces of cohesion of the polymeric chains (bridges of hydrogen, dipole interaction, and forces of Van den Waals) and that causes the structure of the fiber to swell up. Under these conditions, the polymeric chains, under the mechanical effort, slide on top of each other, permitting the desired modelling [shaping].

A structural model of the phenomenon can be visualized according to the figures below in the molecular structure of nitrocellulose:



The "acid" sites permit the forming of oxonian bonds with the active oxygens of the gelatinizing agent (alcohol, ether, acetone, acetates, etc.) and the "basic" sites, permitting the same bonds with the active hydrogens (NG, DNDEG, etc.).



On the basis of this illustration, we can infer the following:

(a) That the gelatinizing agents of the NC, in addition to being solvents of this ester, are also polar molecules, which means that we can expect that the former, with larger dipole factors, will be more efficient. As a matter of fact, the acetone has a dipole factor of 2.70 λ and the alcohol has 1.70 λ .

(b) That the water, being heavily polar (1.84 λ), is an impediment to gelatinization.

(c) That, in the nitrocelluloses--with the crystalline character predominating over the amorphous one--we run into a major gelatinization difficulty (hence the importance of the botanical origin of the linters, the age of the plant, etc.).

(d) That, in the nitrocelluloses with the low nitrogen content, gelatinization is easier than in the nitrocelluloses with high contents or with very low contents of nitrogen, for the same solvent.

(e) That, in the BS powders (mixture of NCa and NCb) with ether-alcohol, we have a complete gelatinization of NCb and only a swelling of NCa; the final gel is therefore a dispersion of fibers of NCa in a gel of NCb.

(f) That, in the BD powders of the ballistite type, there is no need for solvents since the gelatinizing power of NG suffices to gelatinize the entire mass.

(g) That the BS powders allow surface treatment of the cover, something which is not true of the BD powders.

(h) That the BD powders, in contact with electron-giving substances (inhibition), facilitate the migration of NG which tends to saturate the "basic" sites of the substance.

(i) That the gelatinizing agents (DEP, DBP, EC, TA, AE, Ac, etc.) form chemical bonds with NC; the plastifying agents do not form a chemical bond (waxes, vaselines, etc.), serving only as lubricants between the long polymeric chains, thus allowing them to slide better on top of each other.

(j) That many (non-volatile) gelatinizing agents, also being plastifying agents, reduce the hygroscopicity of the powder. Thus, the BD [powders] are less hygroscopic than the BS [powders]; and the covered BS [powders] are less hydroscopic than those that are not covered.

(k) That the regularity of combustion depends very much on the homogeneity of the gel.

(l) That the homogeneity of the gel depends on the distribution of the degree of polymerization of the nitrocelluloses.

(m) That the homogeneity of the gel will interfere in the diffusion and evaporation rate of the solvents.

(n) That the variable rates--of diffusion and evaporation of solvents--will bring about density and vivacities which will likewise be variable and which are caused by the irregularity of the microporosities and the consequent absorption of atmospheric humidity as well as the probable "microprecipitation" of the nitrocellulose of the alcohol-NC mixture (since the ether, by virtue of its greater vapor pressure, leaves the gel before the alcohol).

(o) That the mechanical resistance of the grain--although depending primarily on the degree of polymerization of the NC--is influenced by the homogeneity of the gel slso.

(p) That, in the "primary masses" of BD, there is a need for a hardening phase: the water prevents the NG from reaching the sites (-OH) and is only bonded with the $-\ddot{\underset{\cdot\cdot}{O}}-$).

As for the shaping of the mass, the fundamental aspects are tied to the design of the matrixes and the uniformity of the cut. This depends essentially on the consistency of the mass which, once again, is intimately tied to the colloidal state.

The design of the matrix must take into consideration the contractions (BS) and the dilations (BD) of the mass, the time of stay, and the characteristics of the flow.

These characteristics are connected to the rheological properties of the mass which--since this is a Newtonian fluid--does not have an evident law of viscosity. Thus, one and the same mass--depending on the operational conditions of extrusion--can present a tixotropic or pseudoplastic character (with yield tension) or even a viscoelastic, etc.

During the finishing phase, the extraction of the volatile parts (BS) or the process of curing (grains for rockets) are the most important aspects.

The extraction of the solvents is a careful process so as to attain the desired final contents without compromising the density of the grain, its vivacity, composition, and even the physical shape.

The curing process is aimed at eliminating the thermal stresses deriving from the manufacturing process as well as to complete the gelatinization of the mass.

2. National Output Capacity

2.1.1. The following tables show some types of powders made in Brazil and intended for conventional weapons.

I. Mortars

Nomenclature	Use
BD-504	"0" charge, 120-mm mortar
BD-608	Supplementary charge, 81-mm mortar
BD-610	"0" charge, 81-mm mortar
BD-611	"0" charge, 60-mm mortar
BD-612	Supplementary charge, 120-mm mortar
BD-613	Supplementary charge, 4.2" mortar
BD-614	Supplementary charge, 60-mm mortar
BD-601	"0" charge, 4.2" mortar

II. Cannons

Nomenclature	Use
BD-106	Propelling charge, 37-mm AT gun
BD-206	Propelling charge, 6" M917 cannon
BD-403	Propelling charge, 37 M3 AT cannon
BS-P 105	Propelling charge, 6"/47 on-board cannon
BS-P-110	Propelling charge, 57 MI AT cannon and 3"/50 on-board cannon
BS-1050/BS-1051	Propelling charge, 5"/38 on-board cannon
BS-40/70	Propelling charge, 40-mm/70 on-board cannon
BS-1401	Propelling charge, 40 AT cannon
BS-1057	Propelling charge, 57 SR cannon
BS-PV-3S	Salvo for cannon
BS-PV-IE	Igniter powder
BS-90mm	Propelling charge, 90-mm tank gun
BS-30mm	Propelling charge, 30-mm Air Force cannon

III. Howitzers

Nomenclature	Use
BD-204	Charges I to III of Howitzer 105 M2 Al/charge I A V of Howitzer 105 M3
BD-209	Charges IV and V of Howitzer 105 M2 AI
BD-210	Charges VI and VII of Howitzer 105 M2 AI/charge of Howitzer 105 M3
BD-214	Charges IV to VII of Howitzer 155 M2
BD-301	Charges I and III of Howitzer 155 M2
BS-1105	Charge I of Howitzer 105-mm (charging made up with BD)
BS-PV-IE	Igniter powder
BS-2105	Charges I and II of Howitzer 105
BS-3105	Charges III to VII of Howitzer 105
BS-1155/2155	Charge of 155-mm Howitzer

IV. Light Arms

Nomenclature	Use
BD-505	Point 30" cartridge (carbine)/7.62-mm grenade-launching cartridge/MI
BD-521	9-mm cartridge (Luger)
BS-7.62	7.62 x 51-mm and 7.62 x 39-mm cartridge
BS-1405	.50" cartridge
BS-PV-2P	.45" pistol, .32" revolver, .38", .45" 6.35 Browning, .38" Special cartridge
BS-PV-4F	7-mm and 7.62-mm cartridges (Festim)
BS-PV6	.30" M-1 carbine, Finca-Pinos cartridges
BS-5.56	5.56-mm cartridges

V. Sporting, Hunting

Nomenclature	Use
BD-602-Mantiqueira	12 to 36 cartridges
BD-PV-5C Rex	12 to 36 cartridges
BS-Hunting Special	12 to 36 cartridges, 22LR cartridge
BS-PV-4F	12 to 36 cartridge

Tables A and B, below, list some of the characteristics of the propellants mentioned in tables I to V.

Table A

NOMEN-CLATURA 1	2 FORMA	3 φEXTER-NO (mm)	4 φINTER-NO (mm)	ESPES-SURA 5 (mm)	COMPRI-MENTO 6 (mm)	POTEN. APAR. 7 (KJ/Kg)
BD-106	Tubular	1,47	0,38	0,55	8,00	3673
BD-204	Tubular	2,12	0,66	0,73	8,41	3861
BD-206	Tubular	7,97	3,92	2,02	730,00	3852
BD-209	Tubular	2,33	0,76	0,79	10,00	3861
BD-210	Tubular	3,07	0,91	1,08	10,00	3861
BD-214	Tubular	4,20	1,70	1,30	15,90	3852
BD-301	Tubular	2,65	0,77	0,94	8,00	4297
BD-403	Tubular	2,85	0,45	1,20	12,00	4831
BD-504	Laminar	8 Quadrado (lado) 2,00		0,24	–	5129
BD-505	Laminar	8 Quadrado (lado) 1,30		0,34	–	5119
BD-521	Laminar	9 Irregular-maior lado 1		0,17	–	4990
BD-601 Mantiqu.	Laminar	8 Quadrado (lado) 1,3		0,13	–	5325
BD-608	Laminar	45 x 40 x 0,20 c/2 furos 12 10 6,0mm Peso de 1 carga 11 suplementar 10,00g		0,25	–	5363
BD-610	Laminar	8 Quadrado (lado): 1,3		0,26	–	5463
BD-611	Laminar	9 Irregular-maior lado 1		0,29	–	5463
BD-612	Laminar	75 x 75 x 0,72 c/furo 12a 13 de 45mm Peso de uma 14 carga suplemen. 15 (4 livretos): 88 a 91g		0,92	–	5363
BD-614	Laminar	26 x 26 x 0,09 c/furo 12a 16 de 6,0mm Peso de uma carga suplementar: 2,7g		0,10	–	5459

Key:
1. Nomenclature
2. Shape
3. Outside diameter
4. Inside diameter
5. Thickness
6. Length
7. Apparent power
8. Squared (side)
9. Irregular, larger side 1;
10. 6.0-mm weight of 1 charge
11. Supplementary
12. With 2 holes
12 a. With hole
13. 45-mm, weight of one
14. Supplementary charge
15. (4 books):
16. 6.0-mm weight of one supplementary charge: 2.7 g

a--to

Table B

NOMEN-CLATURA 1	FORMA 2	ϕEXTER-NO 3 (mm)	ϕINTER-NO 4(mm)	ESPES-SURA 5	COMPRI-MENTO 6	POTEN. APAR. 7 (KJ/Kg)
BS-762	Tubular	0,74	0,08	0,32	1,44	3600
BS-1050	Tubular	4,79	0,96	1,92	13,8	3971
BS-1057	Tubular	1,08	0,26	0,41	4,41	3975
BS-1105	Tubular	0,97	0,18	0,39	4,97	3971
BS-1401	Tubular	1,96	0,18	0,89	5,68	3892
BS-1405	Tubular	1,18	0,13	0,52	2,26	3983
BS-P-105	8Heptaperfurado	9,8	0,64	1,97	20,22	–
BS-P-110	8Heptaperfurado	5,55	0,55	0,97	11,70	–
BS-PV-IE	Lenticular	0,7	–	0,27	–	4121
BS-PV-2P	Lenticular	1,00	–	0,51	–	3974
BS-3S	Lenticular	1,4	–	0,34	–	4121
BS-PV-4F	Lenticular	1,22	–	0,43	–	3974
BS-PV-5C-Rex	Lenticular	1,27	–	0,39	–	3678
BS-PV-6	Lenticular	0,71	–	0,57	–	4263
BS-Especial de Caça 9	Lenticular	0,92	–	0,47	–	3682
BS-5.56	Tubular	0,63	0,09	0,30	1,01	3888
BS-90mm	8Heptaperfurado	4,93	0,42	0,92	10,85	4109

Key:
1. Nomenclature
2. Shape
3. Outside diameter
4. Inside diameter
5. Thickness
6. Length
7. Apparent power
8. Sevenfold perforated
9. Hunting Special

2.1.2. In the area of solid propellants of BD for rockets, we can list some domestically produced grains.

2.1.2.1. Extruded

Grains of the Air-to-Surface Ballistic System (SBAT-37, SBAT-70).

Single grain of FOG 108-R.

Grains of ASW FOG System.

2.1.2.2. Molded

Grains of the Air-to-Surface Ballistic System (SBAT 127).

Grains of chargings X20 and X40 (Surface-to-Surface Defense System).

Grain of 152-mm Piranha Missile (AA).

With the propellants of the composite type, the nation's output capacity takes care above all of requirements of a civilian nature, as in the case of the

SONDA/VLS Project, carried out by the IAE/CTA [Space Activities Institute/ Aerospace Technology Center] of the Air Ministry.

On the other hand, there are chargings with composite [powders], for military purposes, in devices identical to those mentioned in 2.1.2., above. These loadings with composite [powder] obviously entail the disadvantage of strong white smoke which they release, with negative effects on the discretion of the round fired, in the electromagnet guidance of the device, in protection against the enemy's detection and scanning system, and, finally, because of the burden it places upon the launch system in view of the intensive corrosion coming from the presence of chloride ions in the combustion gases.

On the other hand, the composite charges still present the advantage of greater specific impetus than we get from the BD propellants; they have critical operating limits which however are greater than those of the BD, plus higher specific mass values. More recent technologies are beginning to develop charges with composite [powders] for military purposes which minimize the inconveniences of the above-mentioned manner of employment.

2.2. Processes Used in Country

2.2.1. Single-base Powders (BS)

The initial operation, in the manufacture of BS, consists in clearing the active sites of NC which, for safety purposes, is wetted with water. These spots will permit the desired gelatinization after they have been cleaned off.

The water is removed with ethyl alcohol by means of presses or centrifuges, preceded by an operation involving the breakup of the NC lumps which normally exist in the moist NC.

As we can see, with this treatment, the NC turns out to be a mixture of two types of nitrocellulose: one with a high nitrogen content and low solubility (in ether alcohol) and, the other one, with a low nitrogen content and high solubility. Experience tells us that we must use these two types of NC in well-defined proportions so that we get a mass that will be suitable for industrial processing, along with energy contents and physical properties that will be compatible with the desired ballistic properties.

Next we go on to the gelatinization phase with a certain quantity of ethyl ether being incorporated in the already alcoholized NC. As a result of the intensity of the work done and the volume of the mass to be treated, we achieve the gelatinization of that mass during various intervals of time.

This operation is performed in a mixing machine and/or a macerating machine where we normally add other ingredients of powder as appears suitable (such as plastifiers, stabilizers, anti-flash agents, etc.).

Once we have achieved the desired plasticity, we subject the mass to further mechanical work (which may or may not include times of rest); the idea is to make the mass dense, to complete the gelatinization and/or to facilitate the next operation (pre-blocks, wiring, etc.), also from the safety viewpoint.

The mass, which has been worked in this fashion, is extruded in presses, through matrixes, where, along with the cut, done soon there after, we give it the planned geometric shape. The extrusion operation itself is more in the nature of a reinforcement of the gelatinization and densification of the powder.

Normally, before the cut is made, the wires [strings] or strips of extruded mass are subjected to pre-drying so as to regulate the consistency that will permit a uniform cut without any imperfections.

The grain thus obtained reveals high contents of solvents (30-40 percent) which must be removed. In the first phase, we bring about the evaporation of the volatile parts, with the powder being subjected to controlled heat cycles where we act upon the diffusion speed of those cycles within the mass and upon the evaporation rate on the surface.

After attaining a certain solvent content, this process--if continued--would be too slow and bothersome.

Starting with certain values of residual solvents (8-10 percent), we obtain final elimination in hot water baths.

The powder is then dried by means of a hot-air current in an effort to get levels of residual moisture which correspond to the mass balance curve relative to the standard atmospheric conditions.

The grains obtained differ from each other both in terms of their dimensions and in terms of their composition since we find that the following do vary:

the degree of polymerization of NC;

the distribution of the groups of esters in the glycoside rings;

the moisture content of the NC fibers;

the losses of solvents;

the homogeneity of gelatinization;

the efficiency of densification;

the modelling [shaping] obtained;

the extraction of volatile parts;

the concentration gradients in the surface treatments;

the mechanical properties.

It thus becomes necessary for the groups of grains obtained, through the first manufacturing stages--batch operations--to be mixed so as to form a homogeneous lot.

The above description applies completely to powders intended for cannons. Those that are intended for light weapons must be subjected to complementary operations, such as surface treatment and graphiting.

The purpose of the surface treatment is to make the powder more progressive by reducing the initial combustion velocity of that powder through a complementary gelatinization of the grain's surface.

The graphiting, in turn, is intended to impregnate the grain's outside surface with a thin layer of graphite, so as to:

(a) facilitate the flow of static charges which develop during the treatment of large quantities of grains during the final manufacturing stage;

(b) increase the powder's gravimetric density;

(c) facilitate the volumetric dosing operations in the loadings [charges] of the set.

The processes developed for the manufacture of powders, both BS and BD, until now, have changed very little since World War I in terms of the design of the equipment involved.

Although we can mention some improvements included in conventional machines, these innovations did not influence or alter the essence of the operation.

The thing that must really be considered as an innovation in recent years consists of peripheral contributions to the production lines properly speaking.

Thus it happens that the efficiency and safety in material movements were increased by resources drawn from mechanization and automation. The instrumentation and controls were greatly increased, thus facilitating operational management. Modern methods of chemical analysis make production scanning faster and more reliable. New ballistic control instruments completed these significant improvements in the manufacture of powders. Finally, when it comes to safety, new devices provided better working conditions.

But there was only one essential change in the design that took place in the BS powder manufacturing process. This has to do with a recent German patent that relates to a piece of equipment which, in a single device, can handle the mixing, crushing, and extrusion operations.

This basically involves a long closed chamber where we find working two shafts equipped with screws whose profiles and intervals vary from one section of the chamber to the next.

The NC, the solvents, and the additives are mixed in a first section after being pushed to another section where they are crushed and, finally, expelled from the chamber through matrixes coupled together in the chamber's final part.

This single piece of equipment replaces the heavy conventional crushers and the very good extrusion presses existing today. The new design is based on the fact that heavy mechanical work is done upon a small volume of mass, providing adequate gelatinization in a rather short time. The general balance of this phase of the process would be positive, once we can save manpower and the mass outflow would be greater than what we get through the conventional process.

This innovation is undoubtedly significant and can turn into a really advantageous solution that would constitute an alternative to the traditional line.

There are however some questionable points which merit further attention when compared to the traditional equipment.

2.2.2. Double-base Powders (BD)

The principal input in the manufacture of double-base powders is the so-called "primary mass" or the mixture of nitrocellulose (normally with a low content of N_2), nitroglycerin, additives, and water. The active sites of nitrocellulose are in part blocked by the water and in part by the nitroglycerin.

This is why the primary mass presents an only superficial bond between NC and NG and obviously hinders the gelatinization of the mass and the consequent formation of the powder.

Thus, the first operation consists in eliminating the water that is present. Normally, a centrifugation of the primary mass reduces the water content by approximately 20 percent. An initial lamination subjects the mass simultaneously to heat and to the compression efforts, reducing the moisture content to about 2 percent. Lastly, a final lamination lowers this content to about 0.5 percent. Naturally, as the water is being expelled, the gelatinization of NC, through NG, keeps going on by means of the mechanical work of the rolling-mills and the heat that is passed on to the mass.

Prior to final lamination, depending on the composition of the mass, there may be a drying of the slabs of powder by means of hot air to permit the admission of solvents, additives that are soluble in water, etc. These additions take place in mixing machines.

The slabs of gelatinized powders then undergo shaping in accordance with the ultimate purpose of the powder:

(a) extrusion in horizontal presses (grains for rockets);

(b) extrusion in vertical presses (powder for cannons);

(c) fine lamination in rollers (laminar powders).

The laminar powders are cut in punches (supplements for mortars) or in special cutting machines which gives us small squares (1 = 0.5 mm; 1 = 0.1 mm).

Powders for cannons can be cut in cutting machines of the guillotine type or of the rotating sheet type. The grains for rockets are cut by hand after they come out of the press.

They are cured for several days in a predetermined heat cycle and, after cooling, they are machined to the standard design dimensions. Normally, these grains are coated (varnish or tape) and after that they are subjected to a panoramic 100-percent x-ray analysis.

Powders for cannons, as well as laminar powders of small dimensions, are subjected to the traditional operations of screening, graphiting, and mixing.

In the case of laminar powders, the graphiting has the additional purpose of preventing the grains from getting stuck together, something which to a great extent is promoted by static electricity.

In the production of (BD) powders with a high energy content ($Qa > 1{,}000$ cal/g), we use nitrocellulose with a high content N_2. In this case, the gelatinizing power of NG is reduced (in view of the reduction of the basic sites of NC) and we then use an auxiliary gelatinization solvent (acetone or a mixture of acetone and alcohol).

These are constituted in the form of so-called BD powders with solvent or cordites, according to the term used in English.

The BD [powders] without solvent are also known as ballistites, according to that same nomenclature.

The term "ballistite" is reserved for compounds with a high content of NG ($\sim$ 45 percent); powders with a lower content of NG (15-30 percent) were perfected through the use of non-volatile gelatinizing agents (ethyl-centralite, for example).

2.2.3. Molded Grains

Limitations in terms of dimensions and the internal shape of the central canal (variable straight-line section) of the propellant blocks promoted the development of the new technique for the manufacture of grains for rockets.

The molding technique essentially involves the same phenomenon of gelatinization of NC (12 percent N_2) with explosive oil (NG) and it is therefore a product that is also classified as BD.

Initially we have small single-base grains (Ø = 1 mm, 1 = 1 mm), similar to powders for small calibers of BS which are carefully poured into a metal mold.

This mold is previously mounted, including the central "clasp" which will provide the configuration of the central canal.

A molding solvent, containing the explosive oil (NG), gelatinizing agents, stabilizing agents (2NDPA), and plastifying agents (triacetinal), is injected into the base of the mold, under pressure, while a vacuum develops at the top of the metal mold.

A controlled rise of the molding solvent makes it possible for the solvent to occupy all empty spaces between the base grains, emerging in the upper part of the mold, without causing any disturbances in the previously existing packing pattern.

Curing at moderate temperature causes the base grains to swell up and that creates an interstitial medium which welds them together, generating a solid block, with mechanical qualities that are sufficient for being handled, machined, and charged into a combustion chamber.

This heat treatment is normally performed in two phases: pre-curing (45° C, 24 hours), followed by final curing (65° C, 72 hours).

The grain thus obtained, after having been taken out of its mold and after the "clasp" has been extracted, can then be machined to the standard design dimension (saw, lathe, etc.); it is then coated and x-rayed.

We might note that the molding technique will permit the development of more energetic propellants either by introducing modifications in the base grain (grains of BD with solvent, BD with hexogene, etc.), or by mixing, into the base grain, in the interior of the mold, oxidants and reducing agents ($KClO_4$ and Al)--as in the composites--as well as by introducing high-explosives (hexogene, octogene, etc.).

These formulations belong to the area of the CDMB which is not yet well-defined, above all as regards industrial viability.

2.2.4. Composites

The so-called composite propellants--a term that is the opposite of the so-called homogeneous propellants--present the oxidant and reducing functions in physically different components, in contrast to those where these functions are combined in their principal components. Initially, the manufacture of the composites involves the preparation of the oxidant ($KClO_4$) through operations involving grinding, screening, mixing, and drying of the salt. The oxidant thus prepared is carefully charged into metal containers which are transported to the crushing room.

The vat of the crushing machine, on the other hand, is properly charged with resin, plastifying agents, aluminum (fluidized), antioxidants, combustion accelerators, emollients, reticulants, and catalysts, in a convenient order and interspersed with partial mixing operations, taking of samples for testing, drying operations, vacuum, etc.

By way of example, we might mention the following:

(a) charging of resin after heating of vacuum to reduce the moisture rate (PVC, PS, PIB, PU, PBD, silicons, etc.);

(b) addition of a plastifying agent (phthalic esters, etc.);

(c) addition of an antioxidant (ECAM, for example).

After this phase there may be additional drying and the vat is kept at a temperature of approximately 60° C.

(d) introduction of reducing charge in the form of powder or fluidized, with stirring of mass (Li, Be, Al, Zr, etc.);

(e) addition of combustion accelerator (Cu chromite, ferrocene, etc.);

(f) partial addition of moistening agent (lecithin, phosphates of fatty acids, etc.) and addition of oxidant with stirring ($KClO_4$, NH_4ClO_4, NH_4NO_3, $LiClO_4$, etc.);

(g) final addition of moistening agent, incorporation of reticulant (isocyanate, epoxides, etc.) and possibly the bonding agent (triethanolamin, for example);

(h) addition of polymerization catalyst (amins, acetylacetonate of iron, etc.).

We note that, throughout the entire mixing process, we normally maintain a temperature in the vat of around 60° C which guarantees us a predetermined vacuum.

After crushing, the vat can be emptied directly into the device's envelope, all of this within a big molding tank. This operation can also be performed in a vacuum with controlled temperature.

The combustion chamber, thus charged, is subjected to a heat cycle for the purpose of speeding up the polymerization reactions.

After curing, the block can be milled, both on the outside (free blocks), and on the inside (central canals) and finally it can be coated (free blocks).

In the cases of molded blocks in the device envelope itself (molded-glued blocks) there is a prior preparation of the envelope which bascially consists of covering the inside surface of the metal with an inhibiting coating; the latter is normally taken from the same chemical family as the resin used in the propulsion block.

2.3. National Output Capacity

2.3.1. The current requirement for homogeneous powders and propellants (therefore excluding the propellants of the composite type) of the Brazilian war industry complex can be described as follows:

(a) PLV BS--300 to 400t/yr;

(b) PlV BD--150 to 200 t/yr;

(c) PLV BT--15 to 25 t/yr.

These quantities would meet the requirements of the ammunition assembling plants supporting the Armed Forces, the auxiliary forces, sporting and hunting, and above all they would meet the export prospects.

It must be realized here that, for obvious reasons, it is difficult to come up with an exact amount for these items, both for reasons of national security and for strictly business reasons. However, in spite of the caution with which we must handle this, these figures are sufficiently valid within the objectives of this study.

2.3.2. In order to check these requirements, we might analyze the import transactions; however, in this respect likewise, the data survey is made more difficult by the confidential character of this matter. We might mention some figures however:

(a) PLV BS (last 3 years), between 100 kg and 300 t/yr;

(b) PLV BD (last 3 years), between 2 kg and 50 t/yr.

As for the importing of powders, we must on the other hand note the possibility of operations performed directly by the Armed Forces. In this case, as far as the author is concerned, this becomes another complication in the precise determination of the country's current requirements.

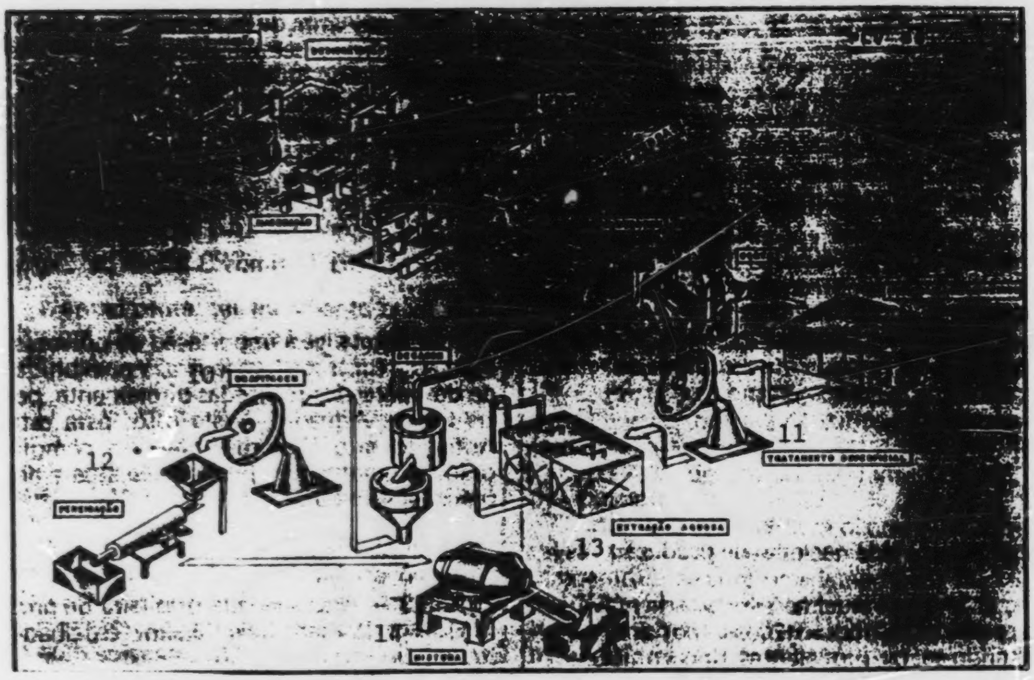
2.3.3. Brazil's output capacity can be described as follows today (t/yr).

2 TIPO DE PÓLVORA 1 EMPRESAS	3 ATUAL		4 AMPL./IMPL. EM ANDAM.		PREVISÃO FUT. 5	
	BS	BD	BS	BD	BS	BD
IMBEL	150	(a) 300	360	300	720	300
C B S	–	–	120	–	360	–
C E V	–	–	–	–	(b) 66	(b) 33
AVIBRÁS	–	–	–	–	(c)	(c)
TOTAL	150	300	480	300	1.146	333

Key: 1. Enterprises
2. Type of powder
3. Present
4. Expansion, implementation in progress
5. Future projections
(a) Depending on imports of primary mass
(b) Estimated data pertaining to a possibly existing project
(c) Appears to have the intention of establishing facility, pertinent data unknown

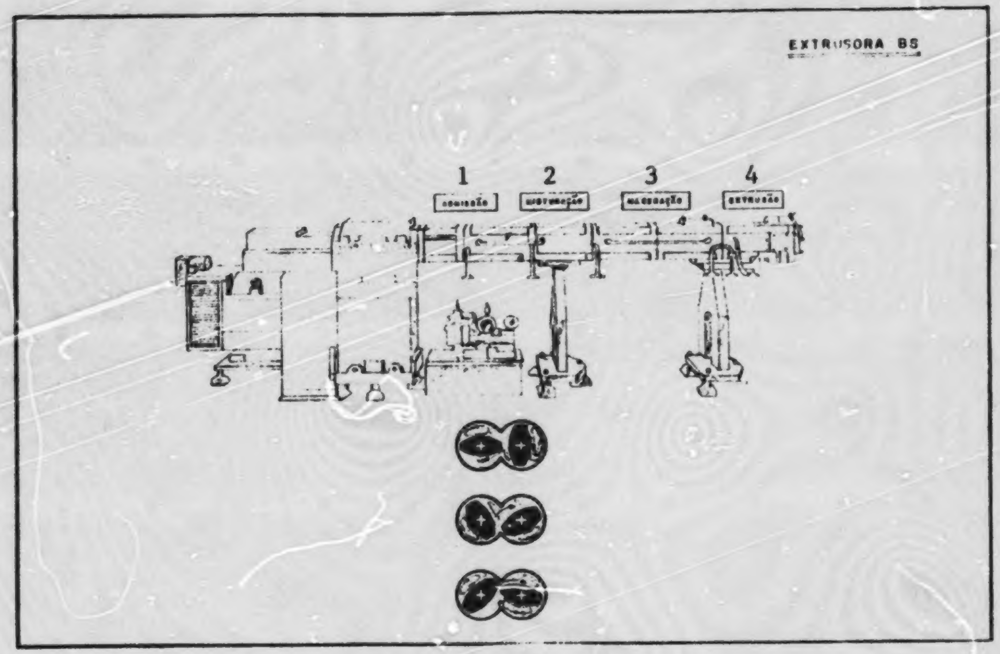
IMBEL [Ordnance Industry]; AVIBRAS --[Brazilian Aviation]

2.3.4. We can see therefore that, as soon as the expansions and plant establishments now planned (and already contracted for) by IMBEL have been completed, the country's current requirements for homogeneous powders, both BS and BD, could in practice be met.

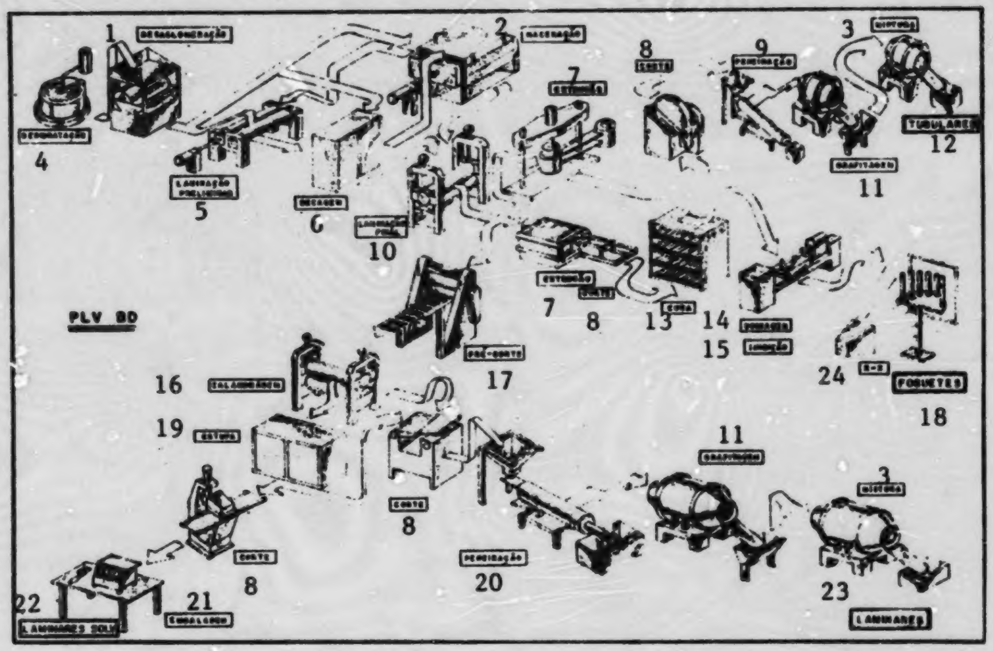


Key:
1. Breakup
2. Dehydration
3. Extrusion
4. Porous PLV
5. Crushing
6. Pre-drying;
7. Cutting
8. Removal of solvents
9. Drying
10. Graphiting
11. Surface treatment
12. Screening
13. Water extraction;
14. Mixing

BS Extrusion Press

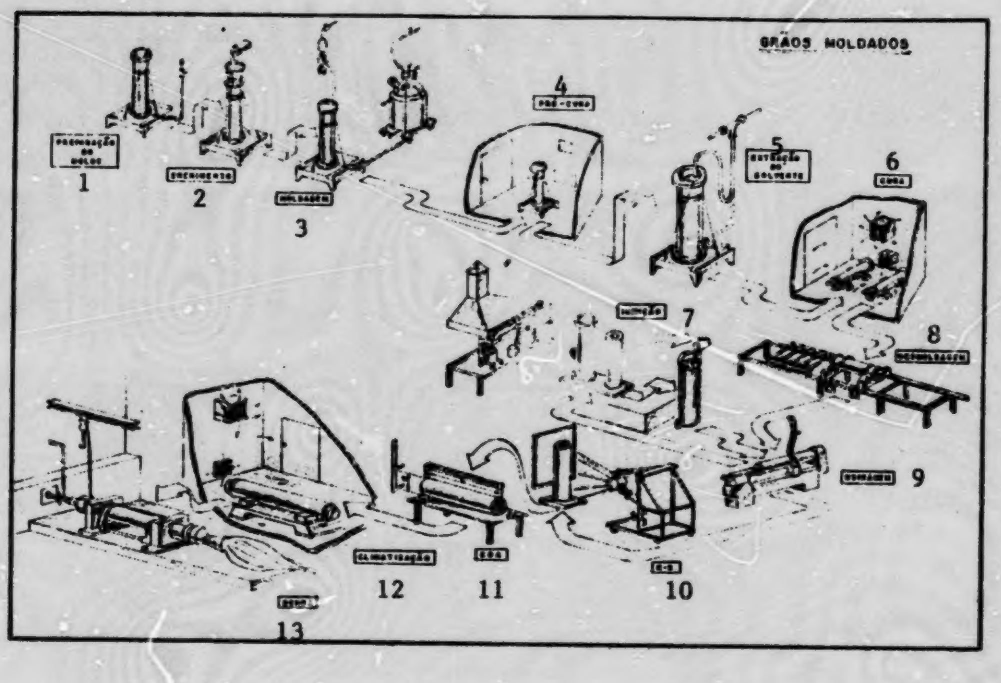

EXTRUSORA BS
1
2
3
4

Key:
1. Insertion
2. Mixing
3. Crushing
4. Extrusion

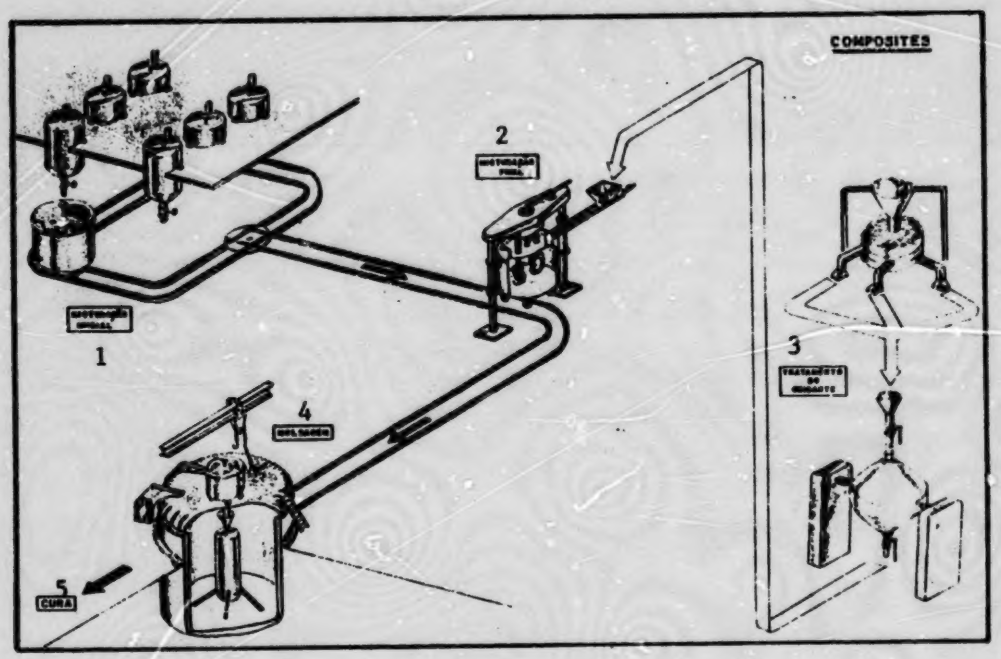

1
2
3
8
9
7
4
5
6
10
TUBULARES
12
11
PLV 80
7
8
13
14
15
17
16
24
FOGUETES
18
19
11
3
8
8
20
22
21
23
LAMINARES SOLV
LAMINARES

Key:
1. Breakup
2. Crushing
3. Mixing
4. Dehydration
5. Preliminary rolling
6. Drying
7. Extrusion
8. Cutting
9. Screening
10. Final rolling
11. Graphiting
12. Tubular [propellants]
13. Curing
14. Milling
15. Coating
16. Rolling
17. Pre-cutting
18. Rockets
19. Stove
20. Screening
21. Packaging
22. Laminar with solvents
23. Laminar
24. x-ray

Molded Grains


GRÃOS MOLDADOS
1
ENCHIMENTO
2
MOLDAGEM
3
4
PRÉ-CURA
5
EXTRAÇÃO DO SOLVENTE
6
CURA
7
8
9
10
11
12
13

Key:
1. Preparation of mold
2. Filling
3. Molding
4. Pre-curing
5. Solvent extraction
6. Curing
7. Coating
8. Removing from mold
9. Milling
10. x-ray
11. Filtering
12. Airconditioning
13. Bomb


COMPOSITES
1
2
3
4
5
CURA

Key:
1. Initial mixing
2. Final mixing
3. Treatment of oxidant
4. Molding
5. Curing

3. Comparative Analysis of Nation's Capacity with that of Other Producing Countries

3.1. Manufacturing Countries

While it is quite difficult to cover this subject in a national setting for obvious and justifiable reasons, the situation becomes even more problematical as we look at the international context.

However, in spite of the necessary caution here, we can show in Table IV some known manufacturers who, we think, cover 80-90 percent of the total installed capacity, with the exception of the communist bloc.

We must also be cautious in our estimation of the installed capacity since we do not know the rate of work involved in each facility.

Table V shows some of the installations that must have been established over the past 20 years and that may already have been listed in Table IV. There some of the columns pertain to the United States--Hercules, Inc.--where we can see the average output figures from 1968 until 1973.

In Table VI we list the principal firms which presently supply know-how and engineering for powder and propellant processing plants. The striking fact emerging from this listing is the importance of the existence of an R&D effort in this area which generates improvements that not only enable those countries to be leading in this sector but which also primarily guarantee them truly autochthonous production.

3.2. Types of Powders Manufactured Abroad

Generally, we can say that, looking at the international situation, we have only two types of powders--intended for conventional weapons--which are not manufactured in Brazil. These are triple-base powders and spherical powders.

In the area of rocket propulsion, known products are in the field of BD--extruded or molded--and both of them already feature development facilities in Brazil although there is no doubt that the more developed countries offer a much broader range of compositions in technical, economic, and industrial terms. The same will apply to the composites.

3.2.1. Triple-Base Powder

Moist nitrocellulose is moved to the dehydration process in the same way as was described for the manufacture of single-base powders.

The nitrocellulose is mixed with the calculated quantity of nitroglycerin in vertical crushers. The operation is performed at ambient temperature. In this operation, we already add a fraction of the solvent to be used (alcohol-acetone) as well as a fraction of the stabilizing and gelatinizing agent (ethyl-centralite).

In horizontal mixing machines we then accomplish the final mixing with the other ingredients needed for the powder. The final mixing is intended to incorporate the nitroguanidine and the other ingredients (gelatinizing agents, stabilizing agents, etc.) in the NC-NG mixture coming from the pre-mixing stage.

In this operation, we follow with the gelatinization initiated in the prior operation.

During the mixing stage, there is a period of time during which the mass is heated and that is called the hot cycle. That interval is the most dangerous time of the operation since the mass proves to be more sensitive as was determined during tests.

The mass, coming from the prior operation, is pressed in a preliminary fashion to shape the blocks for the extrusion presses.

In the same fashion as during preliminary pressing, the extrusion operation, its purpose and equipment are practically identical to those we described earlier for BS powder. However, during the descent of the piston, from its highest point until the moment it begins to penetrate into the press cylinder, there is an admission of inert gas (N_2) for safety purposes.

Likewise for the purpose of improving the surface of the strings that come out, in other words, making it smoother, the extrusion matrixes are coated on the inside with teflon.

The cutting is done in a manner similar to BS.

Here begins the powder drying operation which is controlled from a remote station and automatically.

The air, which is not subjected to any treatment, is piped into the drying rooms through the highest portion, going through a suitable set of pipes installed in the lower part of the wall through which the air penetrates. The operation begins with air at ambient temperature and that temperature is then raised at a rate of 5° C/hr until a temperature of 60° C has been reached. Under these conditions, air continues to be blown for 40 hours.

After drying, the powder is usually graphited, screened, and mixed.

The process of manufacturing BT powders described here is a process that involves solvents, as we saw. There is however a process without solvents where we prefer to use DEGN (dinitrate of diethyleneglycol) as gelatinizer for NC.

Since diglycol has a stronger gelatinizing power than NG, it becomes unnecessary to add the solvent. In this process, the upper limit of NIGU incorporation is about 40 percent; in the process with the solvent, on the other hand, the maximum limit of incorporation of nitroguanidine is 55 percent. We must keep in mind that, because of the low calorific content of the BT without solvent (725-820 cal/g), compared to BT with solvent (930-1,150 cal/g), there will be an increase of approximately 10 percent in the weight of the charge.

Here are some typical compounds (%):

MASS: M 30 (USA), NQ (UK)

NC (13,20)	28.0
NG	23.0
NIGU	47.0
CRIOLITA CRYOLITE	0.3
EC	1.7
SOLVENTS	

MASS: M 17 (USA), NQ (UK)

NC	22.0
NG	21.0
NIGU	55.0
CRIOLITA CRYOLITE	0.3
EC	1.7
SOLVENTS	

MASS- GUDOL (GERMANY)

NC	32.0
DEGN	26.0
NIGU	40.0
K_2SO_4	0.3
EC	1.7

In spite of the refinements in this type of propellant--which is achieved as a result of its adaptation to recently developed weapons (less erosion of barrels, lower combustion temperature, high gas volume)--we are still left with the rather poor mechanical properties of this type of powder and that is a serious matter. This characteristic gets worse above all during low employment temperatures where the index of grain breakup rises, leading to an increase in the surface exposed to ignition and therefore to an intolerable increase in the initial pressure values.

The French definitely abandoned this line of manufacture using NIGU. They are however doing work with triple-base powder on a basis of NPV (polyvinylnitrate), with a large gaseous volume, a low combustion gas temperature, and an optimum temperature coefficient.

Below we have a comparative table illustrating the performances of the temperature coefficients for some powders.

1 PARÂMETROS / 2 TIPO	3 PÓLVORA COM NPV	4 PÓLVORA BS	5 PÓLVORA ESFÉRICA
6 Velocidade (mm/s per °C)	0,35	0,63	–
7 Pressão (kgf/cm² per °C)	3,0	6,0	10,0

Key: 1. Parameters
2. Type
3. Powder with NPV
4. BS powder
5. Spherical powder
6. Velocity
7. Pressure

More recently, work has also been done in Germany with a view to eliminating the negative aspect of NIGU, as we mentioned earlier, by changing the crystalline structure of the nitroguanidine, from needles to a semiamorphous structure.

Other parallel solutions are also being developed in Germany, such as, for example, the use of TAGN (nitrate of triaminoguanidine), by way of substitution of or in combination with nitroguanidine itself, above all in a compound with nitroamins or seminitroamins (LOVA propellants).

It must noted in passing that the LOVA propellant offers great possibilities of becoming, in the near future, a significant innovation in the area of powders and propellants in general.

Here is its basic composition:

elastomer,

nitroamins,

TAGN,

additives.

This offers numerous advantages, such as complete eliminating of cook-off, generation of gases with a low combustion temperature, less problematical extrusions in view of the thermoplastic character of the mass, formulas without nitroglycerin, etc.

Of course, to tell the truth, there is still one serious problem: difficult ignition. The ignition of this type of powder is the main obstacle to the standardization of this new type of propellant.

3.2.2. Spherical Powder

The procurement of BP involves two consecutive processing stages:

wet processing,

dry processing.

Wet processing comprises chemical reactions in an aqueous medium; comprising about 75 percent of the manufacturing volume, it guarantees undisputed safety, practically idependently of mechanical actions.

In an autoclave we put, in an aqueous suspension, NC, AE, DPA, calcium carbonate, and, depending on the composition of the powder, other additives which have previously been solubilized in AE, such as centralite and DNT.

Stirring and bringing the temperature to 50° C, the AE dissolves the NC, forming a lacquer whose particles are dispersed in the water.

The DPA is incorporated through the AE in the NC and the acid, which may perhaps exist here, is neutralized by the calcium carbonate during the aqueous phase.

The size of the grains is controlled by the following factors:

addition of a gelifier,

temperature,

content of solvent,

viscosity of NC,

type of stirrer,

stirring time,

stirring speed.

The dehydration and densification of the grains are accomplished in a rather ingenious fashion: by dissolving the soldium sulfate in the aqueous phase, the water dispersed inside the grains is extracted by means of osmotic pressure and is thus transferred to the continuous phase.

The grain density is controlled by means of the following factors:

time duration of dehydration,

temperature,

saline concentration.

The grains are hardened by means of distillation of the solvent.

The grains are selected and classified by means of rotating drums or screens arranged in a cascade pattern, always in an aqueous medium.

Next, the grains are subjected to a coating operation, in an equipment unit similar to the one used for hardening, employing, as combustion modulator, DBP (or centralite or DNT), emulsified with NG in AE, in an aqueous suspension.

The purpose of the coating is to give the powder the desired burning characteristics by transforing it from degressive to progressive.

The last operation, in a moist environment, involves centrifugation, when the powder is separated from the water, leaving it with only 10 percent moisture.

It might possibly go through laminating rollers which would modify its thickness.

Dry processing, whose purpose is to reduce the moisture content in the powder, begins during the drying stage, properly speaking, by means of the circulation of hot air or by the use of IR lamps and ends in the conventional way, in other words, through graphiting, screening, mixing, and packaging.

Before graphiting, other additives may be put in, such as, potassium nitrate, isopropyl alcohol, ethyl cellulose, tin dioxide, etc., which are intended to improve the powder's flammability.

The uniformity of the dimensions of the grains, in a single batch, leaves much to be desired, in spite of the control instruments. It would be chemically and mechanically impossible to achieve the exact regularity of those grains because, parallel to the grains we want, we also get grains with random dimensions.

We can mention some of the advantages of this process, as follows:

large output at low cost (60 t/month);

excellent MVA and optimum performance in automatic loadings;

good ballistic performances;

safer manufacture.

Here are the disadvantages:

difficult ignition;

poor ballistic stability (migration of NG);

abnormal temperature coefficient (Δ P = 300 kgf/cm^2 for a variation between 20° and 50° C);

supplies only small calibers;

manufacture requires more controls than conventional method.

3.3. BOSEP Process

Complementing the triad of real changes that have taken place in the powder manufacturing processes over the past 100 years (BS and spherical extruder), a Swedish patent came out recently for the manufacture of BD.

This is the Bofors Screw Extrusion Process or BOSEP which seeks to increase the safety in the conventional BD lines by providing for handling the mass under water.

During the initial phase, emulsions of NC and NG in water, as well as insoluble additives, are mixed with solvents and some collodium to form granules with a dimension of approximately 1.0 mm. The solvent is extracted from the pelletizing tank and is recovered. The suspension is cooled and pumped into intermediary tanks where, still in an aqueous medium, the various pelletization batches are mixed.

The granules are transported, under water, to the first extruder in the form of tubes; the latter are cut into small pieces and are once again stored in tanks with water. All of the water in the process is recirculated. After a sufficient mass has been stocked, so as to make up a lot, it is stirred and transferred to a second tank.

A second extrusion takes place, in the same form as the earlier one, the only difference being that, this time, we get the final shape of the grain. Single-perforated or multi-perforated tubes are transferred, through the piping with water, to the traditional cutting machines.

For the laminar powders, we first of all get tubes with a large diameter and a rather small wall thickness; after that, they are cut and turned into sheets in special machines. The correct thickness is obtained in conventional calanders.

The extruders have a diameter on the order of 100 mm and the capacity varies between 40 and 70 kg/hr.

Here are the advantages:

(a) remote-controlled operation;

(b) small personnel force needed;

(c) little contamination by vapors;

(d) high degree of precision in fine "Webs" (0.2-0.3 mm), including in blocks for rockets.

Here are the disadvantages:

(a) questionable safety levels because of intensive circulation of liquids contaminated with NC;

(b) impossibility of adding soluble salts.

3.4. CMDB

Under the heading of Composite Double Base Modified, we find a series of propulsive masses--more specifically for rocket propulsion--such as, for example, the American mass given below which has a potential of 1,875 ± 25 cal/g:

NC (12,60)	30%
NG	10%
KC10$_4$	28%
AL	29%
2 – NDPA	1%
ECAM	2%
SOLVENTS	

This mass is intended for base grains for molding.

However, the CMDB or the CDB belong to a larger family, generally known as high-energy propellants, which begin in the BAS, reach the BD, and go all the way to the composites.

We thus have the following:

(a) Modified BS

This is an attempt at incorporating high explosives, such as RDX or PETN, in the plastic matrix of the nitrocellulosis. We get masses with 1,030-1,060 cal/g, with use in small and medium calibers (30 mm, 37 mm).

Its industrial production is not evident and these masses present problems of high pressures ($>$ 3,000 kgf/cm^2) as well as ignition difficulties.

(b) Modified BD

(1) A variation in the usual masses of BD, which has aroused interest, is the introduction of PETN (RDX) into the gel of NC/NG. This is a thermoplastic mass which can be used both for conventional weapons and for rocket propulsion. The apparent potential is around 1,230 cal/g.

(2) Another variation consisted of compounds that contain the following:

nitrocellulose,

DEGN/NG,

additives,

which enables us to get along without the use of solvents in shaping the mass. But it is necessary to use an uncommon compound of NC with different degrees of esterification.

The better knowledge of the polymeric structure of NC and an adequate balance in the galatinizing properties of the explosive oils enable us to get masses with potentials of 1,200 ± 20 cal/g.

(3) A third type would simply consist of BD powders made with DEGN instead of NG. The process is performed without solvent and also calls for special mixtures of NC (different degrees of esterification). Powders with up to 1,080 cal/g have been obtained.

All of these three compounds mentioned above have an energy comparable to that of the traditional BD powders. However, the thing that differentiates them is the possibility that they might be extruded without the help of solvents. But they are used more in weapon systems with smooth-bore tubes.

(c) Here we might include the previously mentioned CMDB where the aluminum contribution calls for the presence of a boost in the form of oxidants.

(d) Modified Composites

In this area, we distinguish three research approaches:

metal elements with greater combustion heat than aluminum (Be, for example);

more efficient oxidants (hydrazine diperchlorate, for example);

bonding agents containing burning elements (nitrocellulose, NPV, etc.).

All of these high-energy compounds are today to be found in the area of experimental development and nothing is known about their production on an industrial scale.

On the other hand, we must visualize even more exotic compounds which combine two or more alternatives to the lines described above. This is true of applied research which very recently has been done on compounds of the following type:

combustible elastomer (PBD-OH),

burning bonding agent (NC),

explosive oils (NG),

nitroamins (HMX, RDX),

oxidants ($KClO_4$),

miscellaneous additives.

3.5. Comparative Analysis

In quantitative terms we find that the (estimated) Brazilian capacity of 1,500 t/yr—which can go as high as 2,600-2,700 t/yr—is in a rather comfortable position on the world scene.

The absence in Brazil of triple-base powder is not a serious aspect for this sector; in terms of the process as such, there should be no major barriers that would have to be cleared; the apparent need for loadings with BT may allow parallel solutions with conventional propellants; but, to tell the truth, the domestic production of NIGU remains as the major obstacle to the procurement of this type of propellant (the process, via ammonia nitrate and urea opens up many possibilities).

Spherical powder, on the other hand, may be an excellent solution for loading calibers of up to 20 mm but today, in conventional respects, there are parallel solutions of equal performance (for example, the case of 5.56-mm ammunition).

On the other hand we find that the unconventional processes for the manufacture of powder (BS extruder, spherical and BOSEP), except for spherical powder, are only partial improvements of the orthodox lines which are rare in the international context; although there are strong indications as to their operational success, they still deserve some cautious observation.

Thus it seems that, in Brazilian terms, the implementation of our present-day conventional lines is the most realistic solution, in other words, the priority route to take.

In comparison to other producing countries, Brazil in this fashion, when it comes to quantities and processes, is in a reasonably good position that is in keeping with the general situation of the Brazilian nation on the international scene. However, while the existing processes and quantities are satisfactory, there is--compared to the more developed countries--an urgent need for training human resources in pyrotechnics (at all levels), along with major emphasis on R&D concerning matters relating to that sector.

As for the training of human resources, the enterprise X school X government project of the Education and Culture Ministry can be implemented toward that end; the middle-level and upper-level courses for technologists, which are of a terminal nature and which last only a short time, could also be used here; suitable improvements in the engineering courses might furthermore be promoted. These are some of the examples of how to promote the development of human resources in this area, in other words, methods that could be combined with the refresher courses for engineers, technicians, workers, along with specialized training courses, advanced training courses, etc.

R&D for example should go into the following areas:

(a) synthesis and procurement of essential chemicals that still have to be imported;

(b) establishment of plants and supply of industrial equipment from domestic sources;

(c) basic and applied research aimed at the development of new products;

study on the use of nitrates of polyglycols (NTEG, NTTEG, NPEG, NHEG);

high-energy BS PLV;

high-energy BD PLV (the PATE Project, which is being developed by the IPD/CETx [Institute of Research and Development--Technological Experimental Center] would be included here).

(d) studies on the following:

the colloidal state of powders;

the distribution of the degree of polymerization of nitrocellulosis;

distribution of groups of esters in the glycoside rings of nitrocellulosis;

study of the diffusion of solvents in gelatinizing masses;

the rheology of masses;

distribution of moderating agents in the surface layers of the grains;

catalytic action of the salts of K in the flash suppressing functions;

and miscellaneous others.

The above-mentioned items obviously do not fully cover our present needs; they only serve as examples of work that will certainly have to be further pursued through basic research, applied research, and experimental development.

We note that items a and b, above, are essential for the development of a really domestic technology. If we do not attain the objectives mentioned in b, for example, we will be able to manufacture powders in exceptional quantities and qualities but with the slightest guarantee of becoming self-sufficient in that sector.

Table IV. Powder Manufacturers

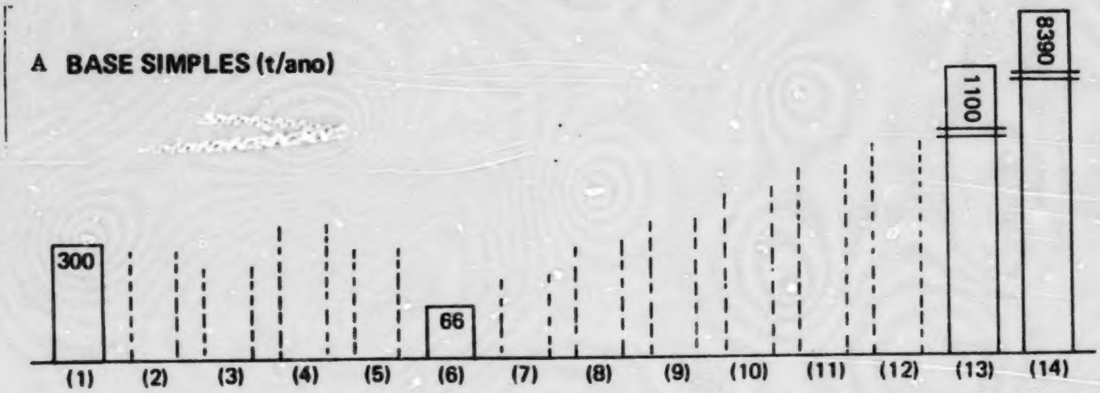
PAÍS A	FÁBRICA B	PRODUTOS C	LOCALIZAÇÃO D	GRUPO E	CAPACID. (t/ano) F
1. Argentina	1. Fábrica Militar de Pólvoras y Explosivos Vila Maria (FMPE VM)	(BS) (BD)	—	DGFM	—
	2. Fábrica Naval de Explosivos AZUL–FANAZUL	(BS) (BD)	Boca de La Sierra Azul - Buenos Aires	14 Armada Argentina	
2. Bélgica	3. Poudrerie Kaulile	(BS) 13 (BD)	Kaulile	PRB	3.000
	4. Poudrerie Clérmont	PLV Esférica	Clérmont	PRB	500
3. Finlândia	5. —	(BS) (BD)	Vihtavuori	KEMIRA OY	1.500
4. França	6. Usine de Pont de Buis	(BS)	Pont de Buis	SNPE	—
	7. Usine de Bergerac	(BS)	Bergerac	SNPE	—
	8. Usine de Angoulême	(BD)	Angoulême	SNPE	—
	9. Usine de Saint Médad	(BD)	Saint Médad	SNPE	—
5. Alemanha (FRG)	10. —	(BS) (BD)	Aschau	WNC/MBB	5.000
	11. —	(BS)	Liebenan	—	—
6. Holanda	12. —	(BS) (BD)	Muiden	Muiden Chemie	3.000
7. Itália	13. —	—	Collefero, Rome	SNIA	} 5.000
	14. —	(Prop.)	Avigliana	—	
	15. —	(Plv.)	Orbetello	—	
	16. —	—	Spilamberto	—	
8. México	17. Fábrica de Pólvora de Santa Fé	—	—	—	—
9. Espanha	18. Powder Factory of Granada	—	Granada	Empresa Nacional Santa Bárbara de Indústrias Militares	1.000
	19. —	(BS)	Gáldacano		2.000
	20. —	—	Múrcia	15 Exército	—
10. Suécia	21. —	(BS) (BD)	Karlskoga	Bofors	5.000
11. Suíça	22. —	(BS) (BD)	Wimmis	—	1.200
12. EUA	23. Radford Army Ammunition Plant	(BS) (BD) (Prop.)	Virginia	Hércules Inc.	

Key:
A. Country
B. Factory
C. Products
D. Location
E. Group
F. Capacity (t/yr)
2. Belgium
3. Finland
4. France
5. Germany (FRG)
6. Holland
7. Italy
9. Spain
10. Sweden
11. Switzerland
12. United States
13. Spherical
14. Argentine Navy
15. Army

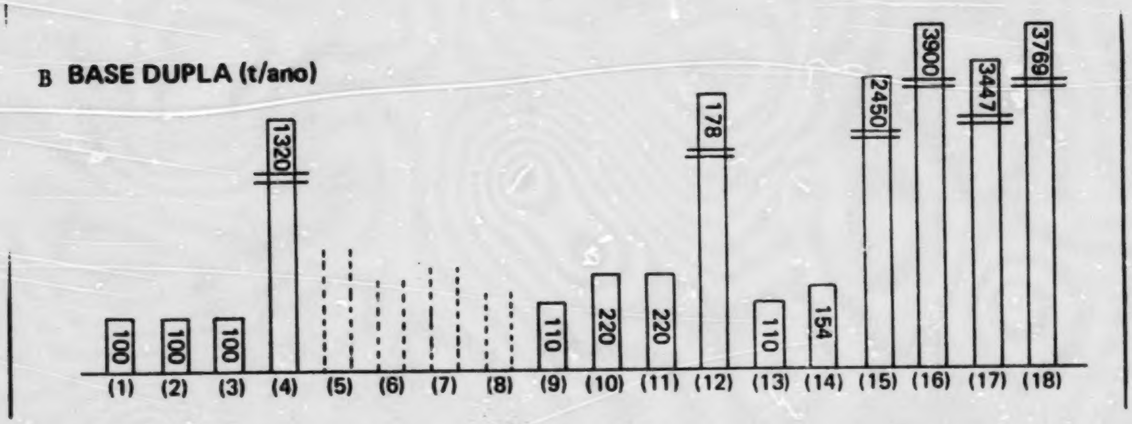
PAÍS A	FÁBRICA B	PRODUTOS C	LOCALIZAÇÃO D	GRUPO E	CAPACID. (t/ano) F
	24. Sunflower Army Ammunition Plant	–	Lawrense, Kansas	Hércules Inc.	
	25. Indian Head Medland	(Prop.)	Medland	–	30.000
	26. –	(Prop.)	Carthage, Mo.	–	
	27. –	(Prop.)	Cumberland, Md.	–	
	28. –	(Prop.)	Carney's Point, NJ	–	
	29. –	23 PLV Esférica	Flórida	Onin Incorp.	
	30. –	–	–	Dupont	
13. Noruega	31. Raufoss AM FAB	(BS) (BD)	Raufoss	–	–
	32. –	(BD)	Gulland	–	200
14. Japão	33. –	(BD)	Asa	–	–
	34. –	–	Kanagawa	–	–
15. Canadá	35. –	–	Beloeil	–	8.000
16. Portugal	36. –	(Pow.)	Barcelona	–	1.500
17. Inglaterra (UK)	37. –	(BD)	Stevenstone	ICI	
	38. –	(BS)	Ardeer	–	1.000 (BD)
	39. –	(BS) (BD)	Bishop Town	–	5.000 (BS)
18. Turquia	40. –	(Pow.)	Kirikkale	–	–
19. Egito	41. –	(BD) (BS)	Abu-Zaabal	–	
		24 Pólvora Esférica Composite			1.500
20. Grécia	42. Lauvirion Fab.	(BS) (BD)	Lauvirion	–	1.000
21. África do Sul	43. –	(BP) (BD)	Modderfontein	–	–
22. Brasil	44. FPV	(BS) (BD)	Piquete, SP	Imbel	720 (BS) 300 (BD)
	45. Companhia Brasileira de Cartuchos	(BS)	São Paulo, SP	CBC	360 (BS)

Key:			
13.	Norway	20.	Greece
14.	Japan	21.	South Africa
17.	England (UK)	22.	Brazil
18.	Turkey	23.	Spherical
19.	Egypt	24.	Spherical powder

Table V. Recent Installations and Capacities (last 20 years)



Key: A--Single base (t/yr); (1)--Furnished by Bofors; (2) to (5)--Furnished by JM, capacity unknown; (6) to (13)--66 t/yr up to 1,100 t/yr, furnished by SNPE/CE; (14)--8,390 t/yr, Hercules Inc., average annual output 1968-1973.

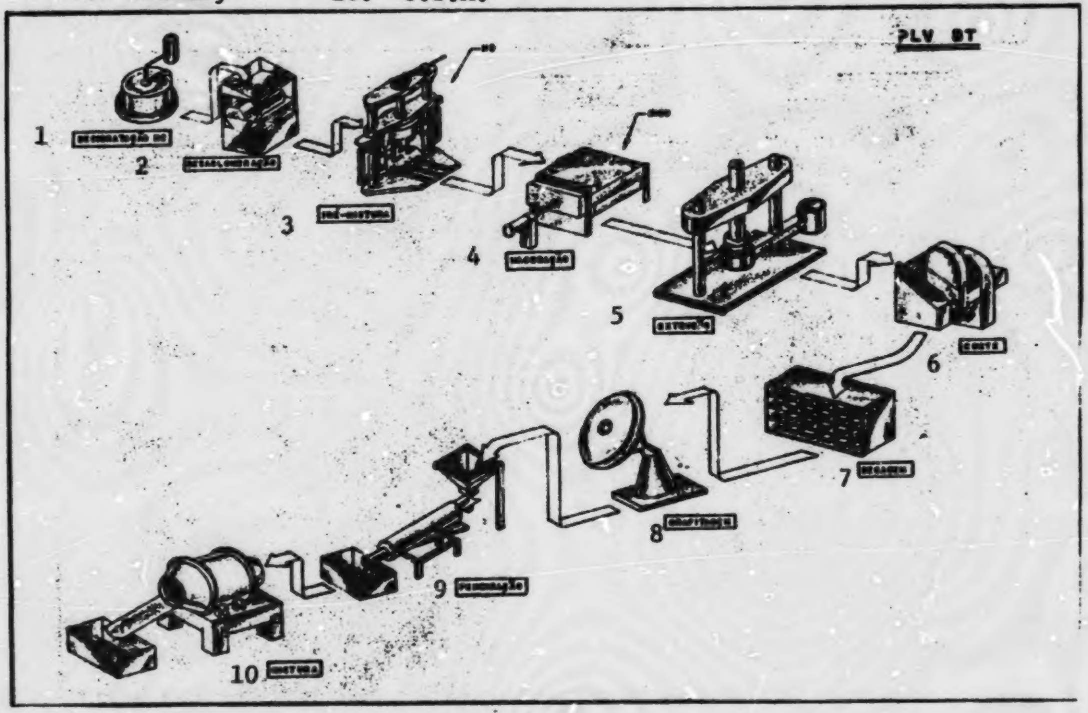


Key: B--Double base (t/yr); (1) to (3)--Furnished by Bofors; (4)--Furnished by Bofors; (5) to (3) [8]--Furnished by JM, capacity unknown; (9) to (10)--Furnished by SNPE, BD (without solvent); (11) to (12)--Furnished by SNPE, multi-base; (13) to (14)--Furnished by SNPE, BD (extruded); (15) to (18)--Hercules Inc., average annual output, 1968-1973; (15)--DB; (16)--TB; (17)--DB without solvent; (18)--Molded BD.

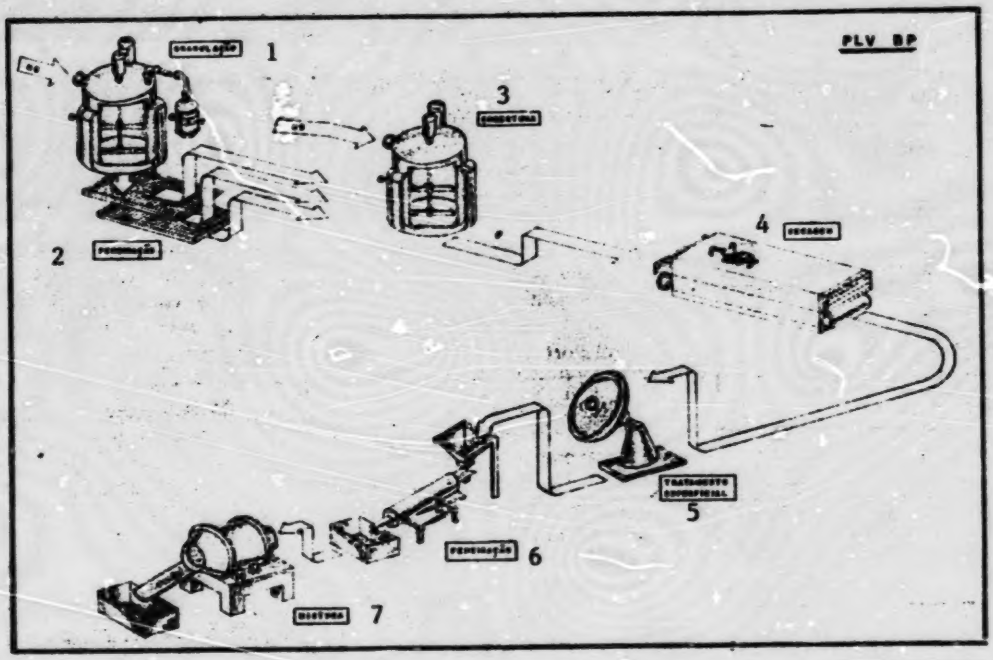
Table VI. "Know-How" Suppliers

1 PAÍS	2 LOCALIZAÇÃO	3 GRUPO
4 França	Paris	SNPE/CE
5 Alemanha	6 Colônia Geisenheiri Troisdorf	Josef Meissner GMBH Fritz Werner GMBH Dr. Nolte GMBH DNAG
7 Itália	8 Roma	SNIA Viscosa
9 Suécia	Karlskoga	Bofors Nobel Chematur
10 EUA	Wilmilgton; Dw.	Hércules Inc.

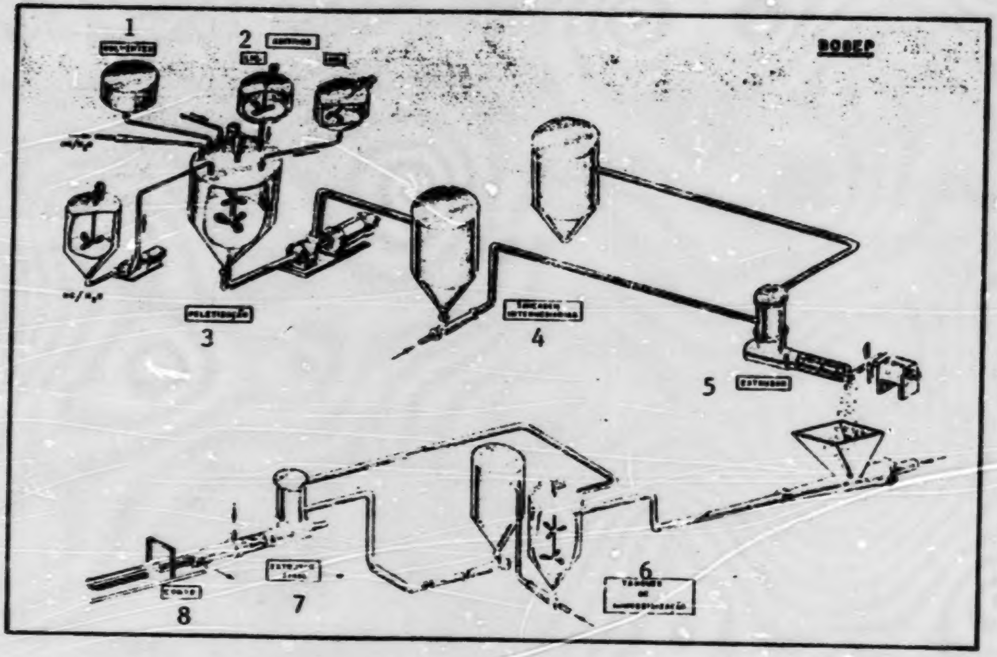
Key:
1. Country
2. Location
3. Group
4. France
5. Germany
6. Colon
7. Italy
8. Rome
9. Sweden
10. U.S.A.



Key:
1. Dehydration
2. Breakup
3. Pre-mixing
4. Crushing
5. Extrusion
6. Cutting
7. Drying
8. Graphiting
9. Screening
10. Mixing


PLV BP
1
2
3
4
5
6
7

Key: 1. Granulation
2. Screening
3. Coating
4. Drying
5. Surface treatment
6. Screening
7. Mixing


1
2
DOBEP
3
4
5
6
7
8

Key: 1. Solvents
2. Additives
3. Pelletization
4. Intermediate tank storage
5. Extruder
6. Homogenization tanks
7. Final extruder
8. Cutting

3.6. Typical Powder Symbols

Below we have some of the commonly encountered abbreviations.

1 PAÍS / PLV	2 BASE SIMPLES	3 BASE DUPLA	4 BASE TRÍPLICE
5 França	B LB	SD GB	N
6 Suécia	NC	NK	–
7 EUA	IMR M12 MI, M6, M14 M10	N5, N8, N12 M2, M5 M7, M8, M9 M18 M26	M15 M17 M30 M31
8 Inglaterra	NRN NH, FNH NCT	SC, HSC SU SUK NCY	N NO NP MNF
9 Alemanha (RFG)	A D V/W	D40, D480 M8M NSP NKP F, H, S, L	N P

Key:
1. Country
2. Single base
3. Double base
4. Triple base
5. France
6. Sweden
7. United States
8. England
9. Germany (FRG)

4. Analysis of Cost of Different Products

4.1. For obvious reasons, this analysis will be aimed at a comparison with the cost of imported powders.

Surveys conducted since 1983, including supply sources in France, Sweden, England, Finland, and the United States, enable us to present the following table.

1 PÓLVORA	2 ORIGEM	3 PREÇO FOB (U$/kg) (médio)
BS	4 Europa	8.50
	5 EUA	10.00
BD	4 Europa	10.00
	5 EUA	11.00

Key:
1. Powder
2. Origin
3. FOB price ($/kg), average
4. Europe
5. United States

The total cost to the Brazilian importer will vary according to the end-user.

PLV [1] PREÇO	BS	BD
FOB Europa[2]	8.50	10.00
Importação normal[3]	16.57	19.50
Importação às Forças Armadas[4]	9.48	11.15
Draw-Back	9.14	10.75

Key: 1. Price
2. Europe
3. Standard import
4. Import for Armed Forces

Standard import transactions lead to an over-price, on top of the FOB price which comes to 1.95 times the latter, including the import duty, the shipping, insurance, IPI [Manufactured Goods Tax], ICM [Merchandise Distribution Tax], IOF [Financial Operations Tax], storage, fees, miscellaneous expenditures, etc.

The importing of powder for ammunition intended for the Brazilian Armed Forces is exempt from various taxes which brings the final rate to 1,115 on top of the FOB price. Finally, under the draw-back system, taxes are completely lifted and the rate drops to 1,075 of the FOB price. Current Brazilian powder prices (IMBEL), for export purposes, are perfectly competitive with those of the foreign powder factories. Without losing the tax margin, we can therefore easily participate in international bidding competitions.

4.2. On the domestic market, however, the formation of prices on powders, by the domestic ammunition assembling factories, turns out to be less comfortable because--in addition to the fact that we do not have the incentives inherent in export transactions--the price of powders is slapped with a tax like any other merchandise produced industrially in Brazil.

Consequently, it is more attractive for the munition assembly operator to go for importing either by using the Armed Forces as the end-user or simply by going for the draw-back.

4.3. The formation of the final domestic powder sales price on the domestic market, covering industrial costs (material, direct and indirect manpower, depreciation, general manufacturing costs, administrative expenses, etc.), physical expenditures and some tax margin, would be perfectly compatible with the international prices if there were a determined rationalization in current tax burdens which today are piled on the domestic producer.

I am using the word rationalization because:

(a) this procedure would create parity between the powder and other similar basic imputs (TNT, for example);

(b) if the powder were to be sold directly to the Armed Forces and then sent to the ammunition assembly plants, the latter would not have to pay the tax;

(c) we would no longer be helping foreign industry, to the detriment of our domestic industry;

(d) we would be stopping the foreign-exchange drain;

(e) and, first of all, considering that the current government directive for the return of some sectors of the defense industry to private control, attempting to promote independent domestic development and reaching ever lower degrees of dependence on foreign supplies, realizing therefore that the enterprise-and-national-security concept is closely linked to this; knowing that the current situation does accommodate the business character of the ammunition assembly plants but weakens the objectives connected with national security, as regards the sale, production, and research of this essential input, which is powder--in view of all this, it seems that it is necessary to streamline government instruments in order to achieve more harmony and efficient coexistence between the enterprise-and-national-security team.

5. Conclusions

5.1. Right now we have a policy aimed at developing the defense industry in Brazil which, looking at powder and propellants, must be implemented in view of the big gap we have when we compare this aspect to those that are tied to tanks, missiles, aircraft, weapons, etc. This policy today interferes with the development of a domestic technology in the propulsion sector, reflecting negatively on the entire defense industry establishment and above all failing to take care of the national security concerns.

5.2. It is very difficult simultaneously to take care of the essential characteristics of the propellants (energy, density, kinetic, mechanical, industrial stability and viability). The optimization of these interdependent relationships is a permanent goal which we must pursue.

5.3. The types of powders that can be manufactured in Brazil, the existing processes and their output capacity will be able to meet the requirements of the country's defense industry establishment.

5.4. Compared to the other countries, there would not be any significant differences as regards the material aspects of this issue (types, processes, quantities), once we have attained the proper proportion in terms of the country's general development level. Significant differences however do exist in the area of human resources and in the R&D area.

5.5. The costs of propellants manufactured by IMBEL will be competitive with those of the foreign products, both on the foreign market and on the domestic market.

Some Illustrations Pertaining to the Text

Typical BS Masses (%)

– NC (13,15)	85
– K_2SO_4	1*
– DPA	1*
– DNT	10
– DBP	5

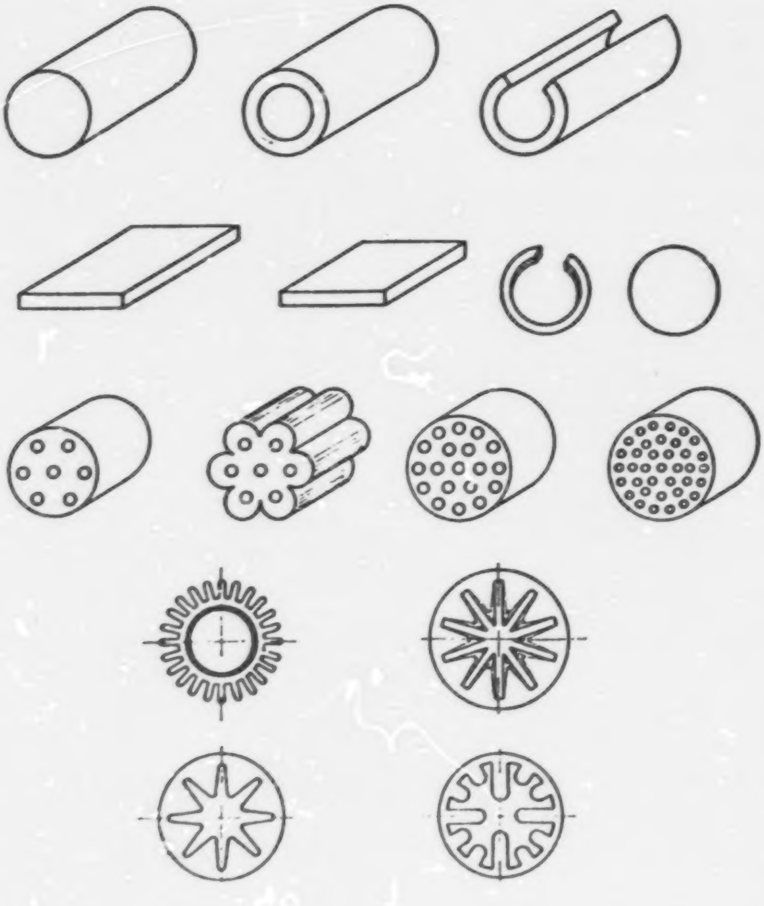
NC (13,20)	98
DPA	1
K_2SO_4	1

Typical BD Masses

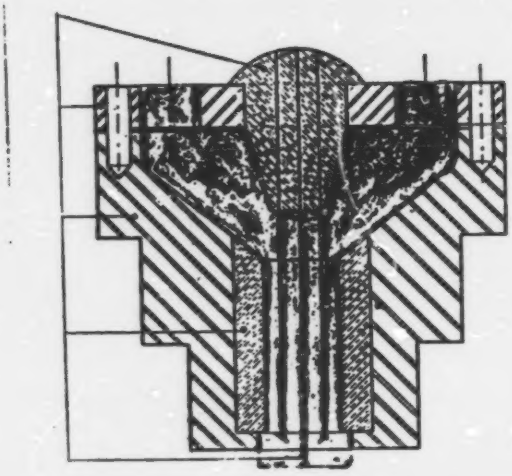
– NC (13,25)	58
– NG	40
– EC	1
– KNO_3	1

NC (11,90)	56
NG	36
DBP	3
EC	3
DPA	1
STEARIN	1

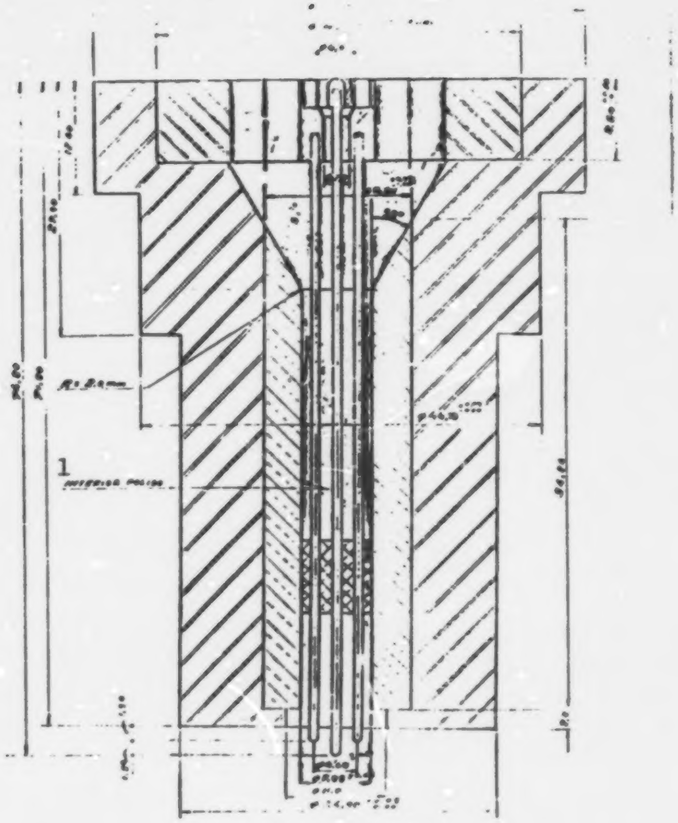
Profiles of Grains



Seven-fold Perforated Grain Matrix

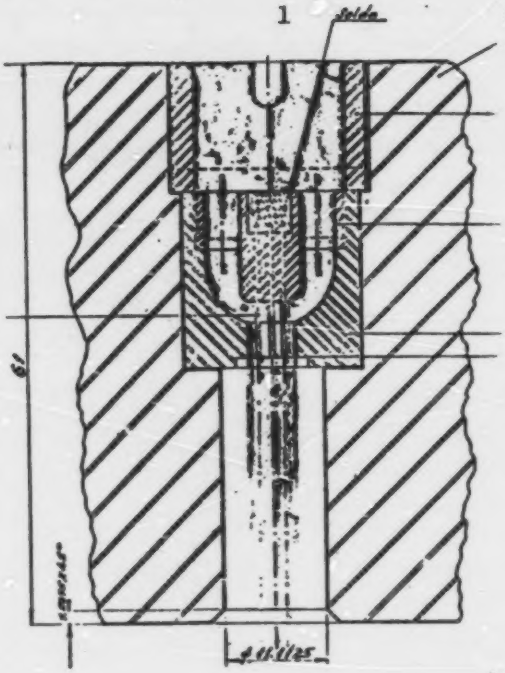


Seven-fold Perforated Grain Matrix



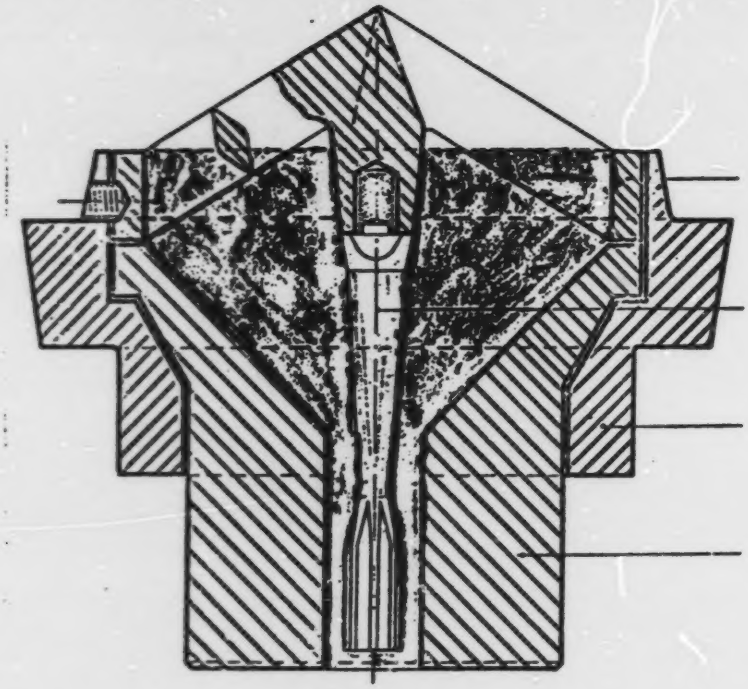
Key: 1. Polished on inside

Seven-fold Perforated Grain Matrix



Key: 1. Welded

Star-shaped Rocket Grain Matrix



Critical Pressures at 25° C (kgf/cm²)

1 LIMITES PROP.	2INFERIOR	3 SUPERIOR
BD	27/54	270/800
COMPOSITE	7/28	170/340
BS	340	(*)

Key: 1. Limits
2. Lower
3. Upper
(*) Undetermined

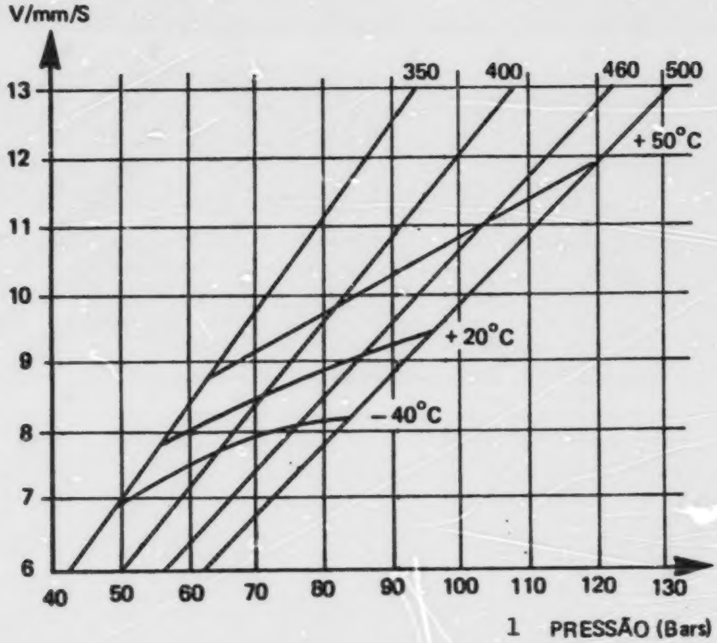
1 CARACTERÍSTICAS ENERGÉTICAS		
PLV	Qa (Cal/g)	Is (S)
BS	780/900	210/229
BD	800/1.000	170/240
BD c/Solv.	1.200	244
2 Moldado	700/800	170/220
3 Gerador de Gás	484	179
Composites	–	220/260

Key: 1. Energy characteristics 3. Gas generator
2. Molded

1 DENSIDADES (9/cm^3)	
BS	1.50/1.60
BD	1.50/1.64
2 Moldado	1.50/1.60
Composite	1.50/1.75

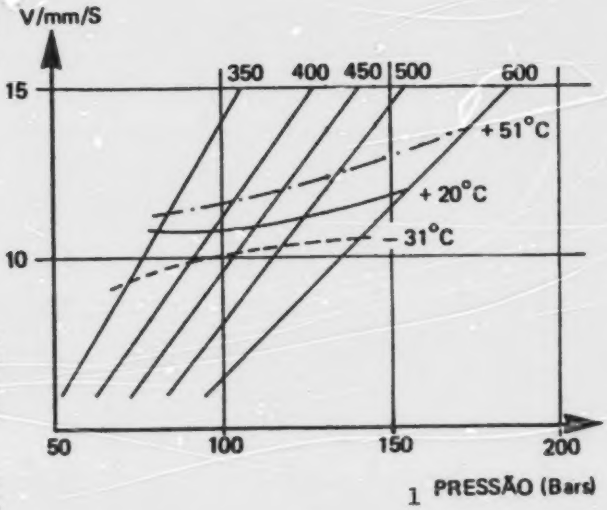
Key: 1. Densities 2. Molded

Kinetic Properties



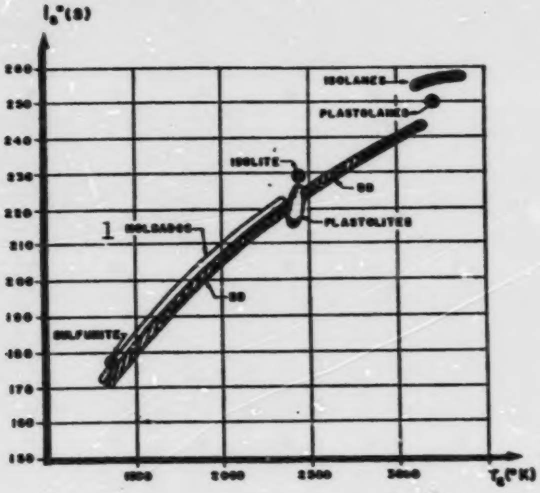
Key: 1. Pressure (bar)

Kinetic Properties



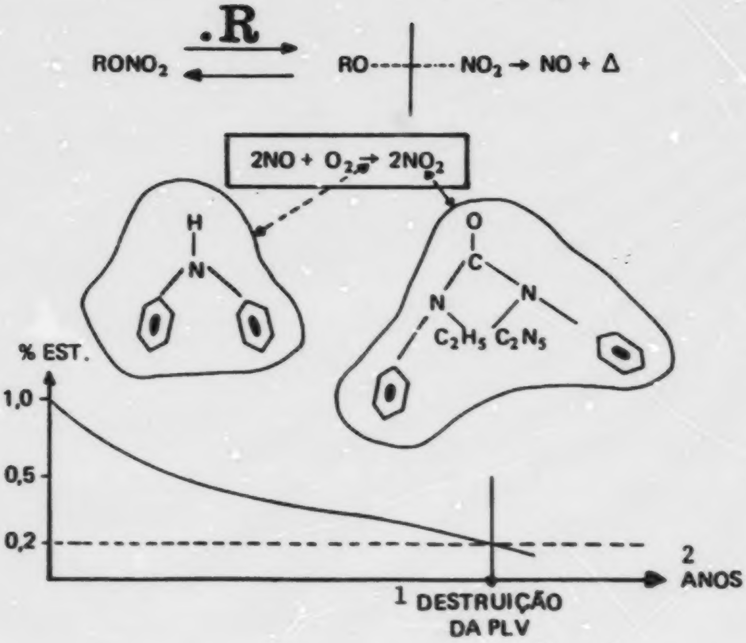
Key: 1. Pressure (bar)

Specific Theoretical Impetus of Industrial Powders



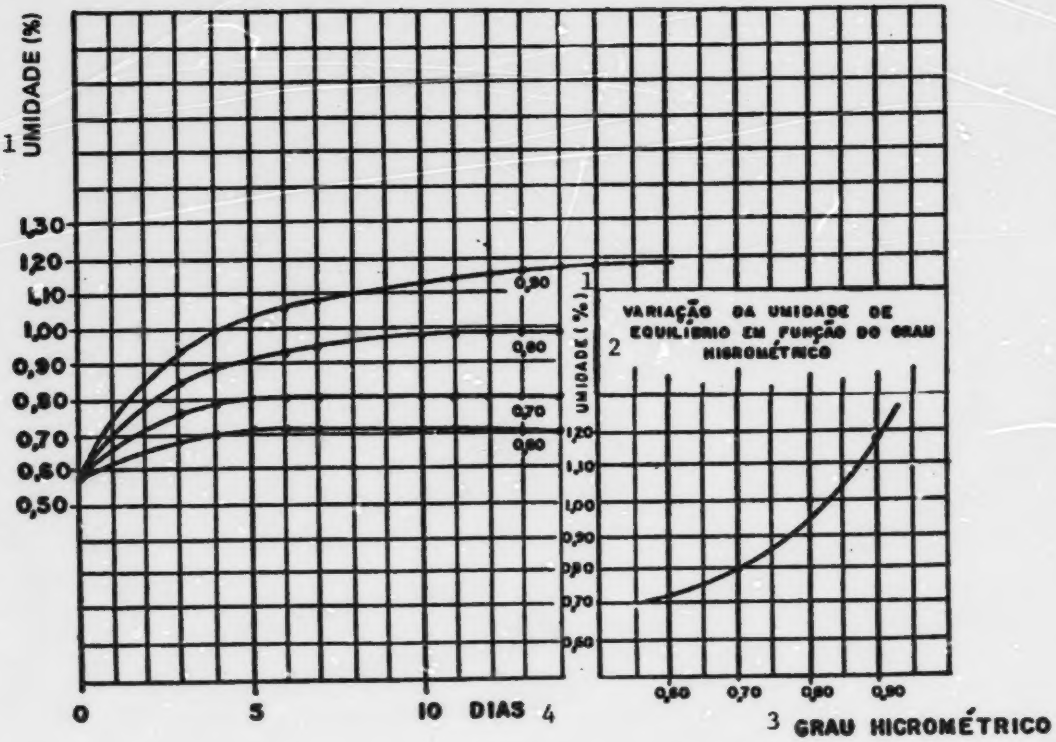
Key: 1. Molded

Stability

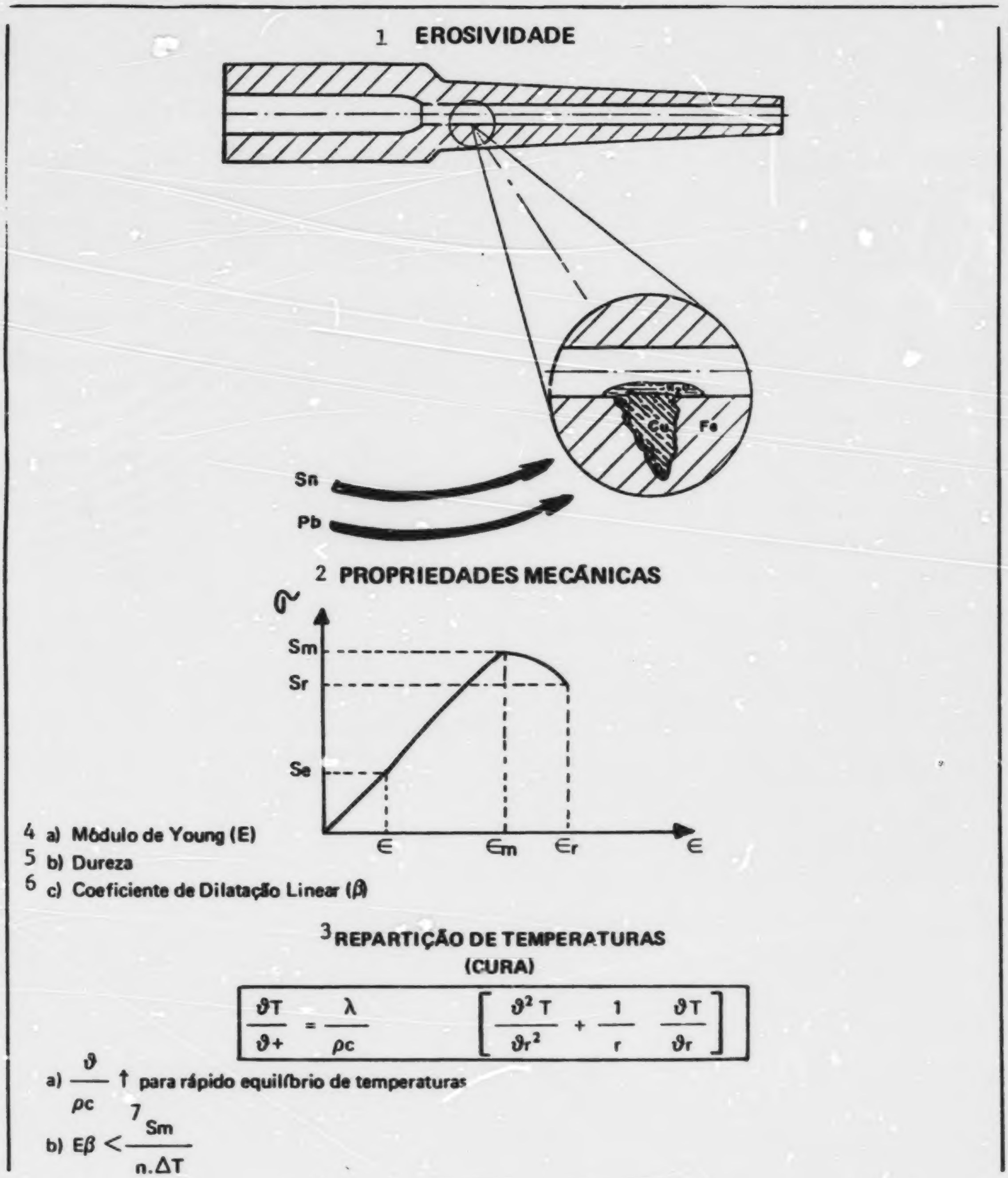

.R
$RONO_2$
RO
$NO_2 \rightarrow NO + \Delta$
$2NO + O_2 \rightarrow 2NO_2$
H
N
O
C
N
N
C_2H_5
C_2N_5
% EST.
1,0
0,5
0,2
2
ANOS
1 DESTRUIÇÃO
DA PLV

Key: 1. Destruction of PLV 2. Years

Hygroscopicity

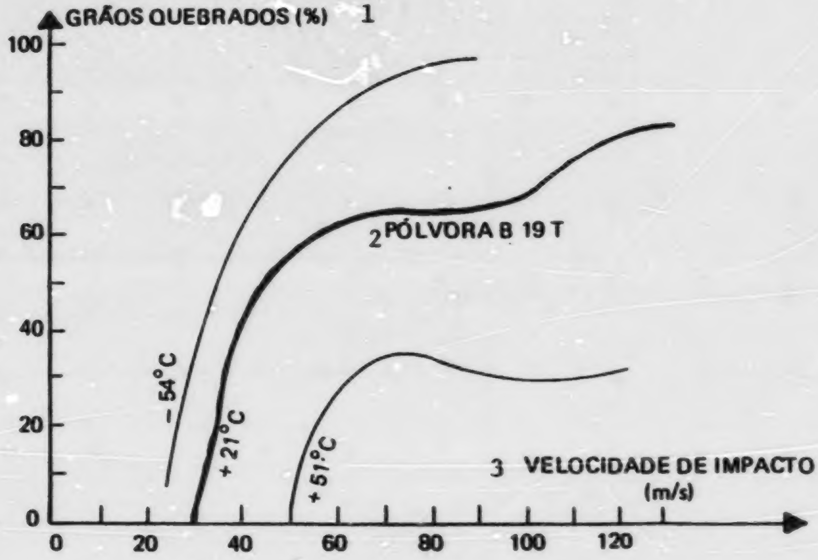


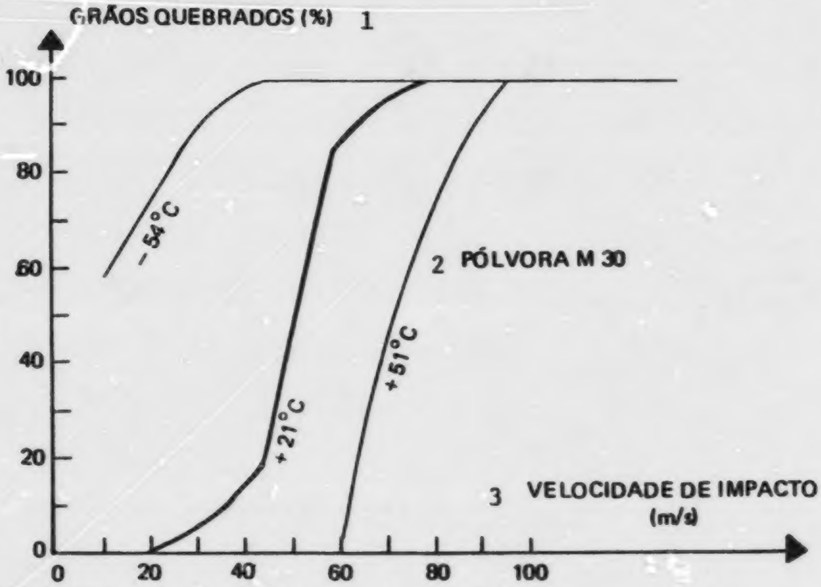
Key:
1. Humidity
2. Variation of humidity of balance as a function of the hygrometric degree
3. Hygrometric degree
4. Days


1 EROSIVIDADE
Sn
Pb
Cu
Fe
2 PROPRIEDADES MECÂNICAS
σ
Sm
Sr
Se
$\in$
$\in_m$
$\in_r$
$\in$
4 a) Módulo de Young (E)
5 b) Dureza
6 c) Coeficiente de Dilatação Linear (β)
3 REPARTIÇÃO DE TEMPERATURAS (CURA)
$\frac{\vartheta T}{\vartheta +} = \frac{\lambda}{\rho c} \left[\frac{\vartheta^2 T}{\vartheta r^2} + \frac{1}{r} \frac{\vartheta T}{\vartheta r} \right]$
a) $\frac{\vartheta}{\rho c} \uparrow$ para rápido equilíbrio de temperaturas 7
b) $E\beta < \frac{Sm}{n.\Delta T}$

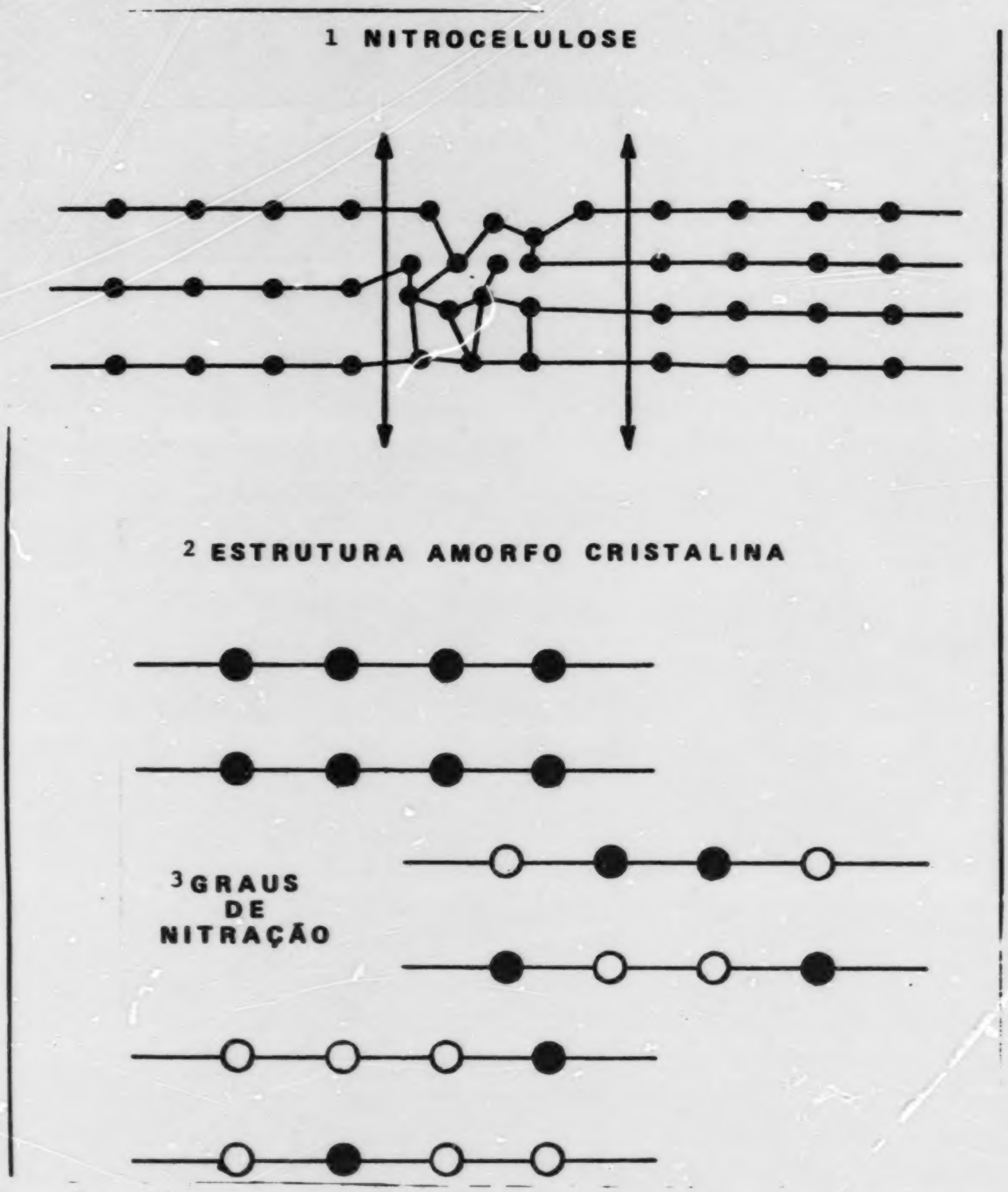
Key:

1. Erosiveness
2. Mechanical properties
3. Temperature distribution (curing)
4. (a) Module of Young (e)
5. (b) Hardness
6. (c) Linear dilation coefficient
7. For rapid temperature balance





Key: 1. Grains burned (%)
2. Powder B-19-T
3. Velocity of impact (m/sec)


1 NITROCELULOSE
2 ESTRUTURA AMORFO CRISTALINA
3 GRAUS DE NITRAÇÃO

Key: 1. Nitrocellulose 3. Degrees of nitration
2. Amorphous crystalline strucrure

Polarity of Gelatinizers

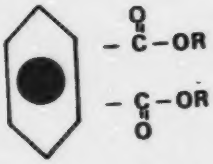
S^+ | S^-

RC= O ______ 2.70 λ

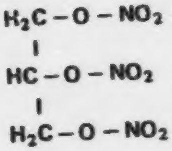
R – OH ______ 1.70 λ

R - O - R ______ 1.15 λ

H_2O ______ 1.84

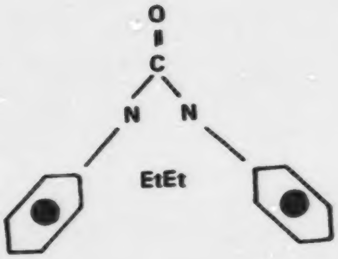


(DEP)
(DBP)

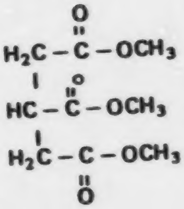


$$\begin{array}{l} H_2C-O-NO_2 \\ \quad | \\ HC-O-NO_2 \\ \quad | \\ H_2C-O-NO_2 \end{array}$$

(NG)

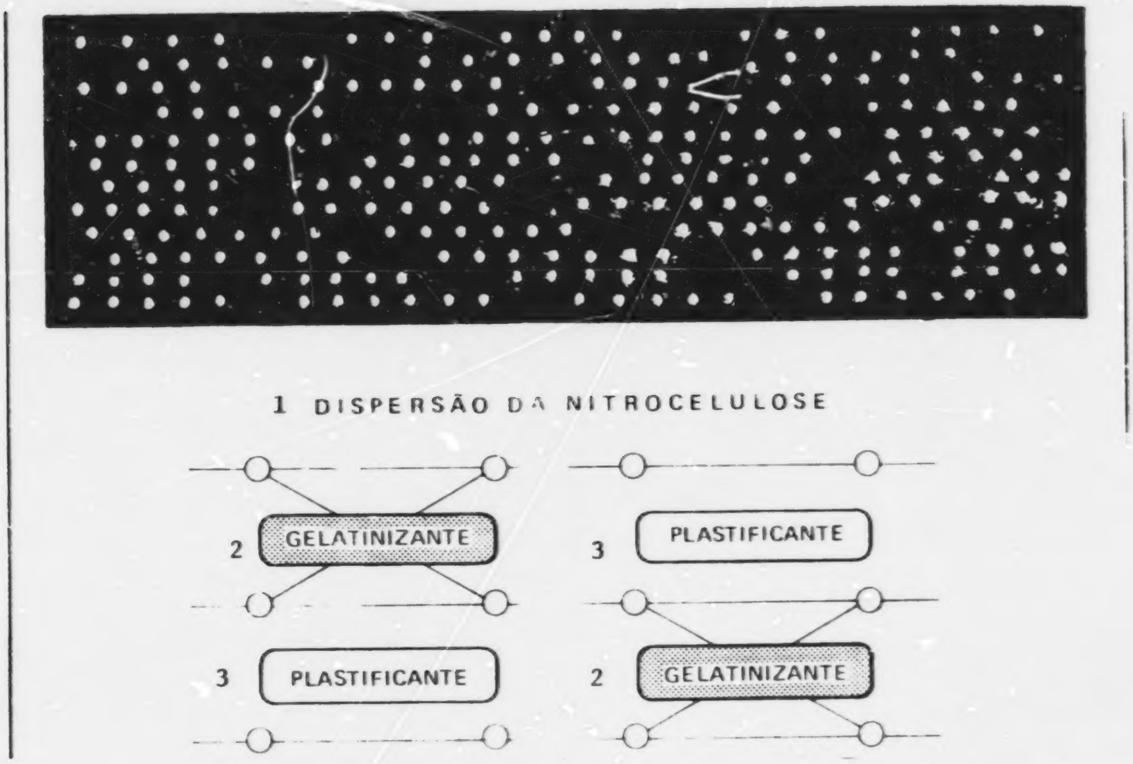


EtEt



$$\begin{array}{l} H_2C-\overset{O}{\overset{\|}{C}}-OCH_3 \\ \quad | \\ HC-\overset{O}{\overset{\|}{C}}-OCH_3 \\ \quad | \\ H_2C-\underset{O}{\underset{\|}{C}}-OCH_3 \end{array}$$

(TA)


1 DISPERSÃO DA NITROCELULOSE
2 GELATINIZANTE
3 PLASTIFICANTE
3 PLASTIFICANTE
2 GELATINIZANTE

Key: 1. Dispersion of nitrocellulose 3. Plastifier
2. Gelatinizer

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5058
CSO: 3699/22

MEXICO CITY METROPOLITAN AREA COST OF LIVING DATA

[Editorial Report] Mexico City UNOMASUNO in Spanish of 8 Sep 86 on page 13 includes in its weekly "Guide for Consumers" the following cost of living data for the Mexico City metropolitan area. Prices are expressed in pesos and the unit of measure is kilograms, unless otherwise specified.

Sausage products for sale at combination department-grocery stores surveyed

	Cheapest Price Found	Highest Price Found
1. Parma mortadella	--	--
2. Zwan mortadella	--	--
3. Fud chicken coldcuts	--	--
4. Chicken coldcuts	--	--
5. Iberomex headcheese	--	--
6. Fud sausage	--	--
7. Fud Vienna sausage	--	--
8. Zwan Vienna sausage	--	--
9. Iberomex Vienna sausage	--	--
10. Fud mortadella	--	--

Milk products and groceries for sale at combination department-grocery stores surveyed

	Cheapest Price Found	Highest Price Found
1. Chalco "panela" cheese	--	--
2. La Mesa "panela" cheese	--	--
3. Kristal aged cheese	--	--
4. La Mesa aged cheese	--	--
5. La Mansion aged cheese	--	--

Meats and meat products for sale at combination department-grocery stores surveyed

		Cheapest price found	Highest price found
1.	Whole chickens	699	999
2.	High-grade pork stew meat	--	--
3.	Ground pork	--	--
4.	Cracklings	--	--
5.	Ground beef	--	--
6.	Pork loin	1420	1685
7.	Chicken budget cuts	490	705
8.	Pork blood sausage	370	208

Foods on sale:	at the Federal District Central Food Supply Center		at self-service stores surveyed	
	Week of: 26 Aug 86	Week of: 2 Sep 86	Week of: 26 Aug 86	Week of: 3 Sep 86
	(retail price; smallest size and/or lowest quality)		(Average retail price)	
1. Bananas	130-150	130-150	154	178
2. Oranges	333-367	150-183	352	290
3. Starking	---	---	540	554
4. Hass avocados	350-380	380	325	305
5. Tomatoes	100-120	100-200	195	188
6. Green tomatoes	100-130	150	206	240
7. Red potatoes	150	100-160	272	280
8. Carrots	70-90	70-90	118	118
9. Italian squash	100-130	250	201	270
10. Peas	150	150-200	266	326
11. Green beans	250	220-250	493	422
12. Serrano chiles	480	550	755	763
13. Poblano chiles	120	140-160	242	395
14. Romaine lettuce	150 each	150-170 each	155 each	166 each
15. Lettuce	150 each	150-170 each	145 each	149 each
16. Spineless nopal cactus leaves	100/8 pieces	---	135/8 pieces	152/8 pieces
17. Lemons	140-170	130-150	158	173
18. Medium-sized onions	110	110-130	189	163
19. Garlic	880	880	1297	1144
20. Beans	---	---	280	280
21. Rice	---	---	276	276
22. Whole chickens	---	---	930	901
23. High-quality chicken parts	---	---	1380	1418
24. Pork loin	---	---	1646	1646
25. Steak	---	---	1486	1431
26. Pork chops	---	---	1186	1136
27. Ground pork	---	---	1350	1350
28. Beef stew meat	---	---	672	677

/7051
CSO: 3248/632

GROUP OF 34 REITERATES AMNESTY PROPOSALS

PY062110 Asuncion HOY in Spanish 28 Aug p 8

[Letter sent by Colorado Party group known as group of 34 to Colorado Party Board President Juan Ramon Chavez, dated 27 August 1986]

[Excerpts] Mr Juan Ramon Chavez, president of the Colorado Party Board.

Dear fellow party member:

On the official inauguration of our party's 100th anniversary celebration, we wish to address you and the members of the Colorado Party Board. Being consistent with our principles and coherent with our position, we wish to ratify the essential concepts and proposals we made in our 3 February 1986 message. Those concepts and proposals are still valid, given the results of the circumstances that inspired them. These are awaiting clarification by the Colorado Party Board.

We believe that the party's 100th anniversary will be of fundamental importance in history. The fundamental point of our 3 February message is the need to promote a great party consensus, and if possible, to promote our national unity. Nothing would please the people's civic conscience more than fulfilling these desires before the party's 100th anniversary.

In our 3 February message, we referred to hazards that could darken our party's future. Since the six months have passed, and we have observed increasing exacerbation and deterioration of the public opinion.

On our party's 100th anniversary, we wish to make some observations about the current political situation.

Besides the growing threats from international sectors and national opposition sectors, we must also consider the internal criticism made by fellow party members who can no longer hide their justifiable objections to certain ethical, administrative, and political situations. Such criticism is either approved or rejected by our fellow party members, and creates confusion and restlessness at different levels of the party.

We wish to promote a feeling of fraternity and reconciliation within the party to help unite and strengthen it; we believe that we are interpreting the feelings of our Asuncion and interior fellow party members; and we wish to honor our illustrious party's founder General Bernardino Caballero and all those who for 100 years preserved our ideals of a democratic republic with justice and freedom. For all these reasons and for other reasons contained in this letter, we believe that at the inauguration of its 100th anniversary celebration, the best contribution we can make to our party is to express the beliefs of the Colorado majority and to support the unity of all the Colorados in national harmony.

In order to achieve this, nothing would be more generous than to annul all the differences that separate us, and to declare a broad amnesty so that all Colorado Party members without exception may unite their efforts and feelings.

The decision to accept these suggestions lies with the Colorado Party board members. More than three generations of Colorados will be present.

Finally we wish to express our respect to you, Mr President, and to the members of the Colorado Party Board, with affection as fellow party members.

Signatures on this letter addressed to the Colorado Party Board president on 25 August 1986:

Signed: Dr Edgar L. Insfran, Ing. Lorenzo Mengual, Prof Dr Carlos Zayas Vallejos, Prof Dr Carlos M. Ramirez Boettner, Prof Dr Nonorio Campuzano, D. Ernesto Barchelo, Dr Atilio R. Fernandez, Dr Carlos A. Vasconcellos, Prof Dr Antonio Salum Flecha, D. Enrique Vglta Gaona, Dr Cesar Gagliardone, Prof Dr Efrain Enriquez Gamon, Dr Oscar Facundo Ynsfran, Prof Dr Eusebio Villamayor, Prof Dr Horacio Galeano Perrone, Dr Victor Hugo Sanchez, Agrim D. Sila Estigarribia, D. Edmundo Gonzalez Reguera, Dr Felipe Neri Huerta, Prof Dr Luis A. Torres Salinas, Dr Marcial Valiente, Dr Marcelo Abente, Dr Pastor C. Filartiga, Dr Nelson Villante, D. Odilon Benitez, D. Jose Conigliaro, Dr Antonio Fernandez Gadea, D. Medardo Pino, Prof D. Simeon Lombardo, D. Lorenzo Garbet, D. Hermes Troche, Dr Ovidio Fleitas, D. Bernardo Rodriguez, D. Jose Rodolfo Ocampos, D. Carlos, W. Acosta, Cont. Pbco. D. Justo G. Ferreira, D. Anibal, R. Martinez, Lic. Francisco Perez Maricevich, Dr Manuel Mongelos, D. Miguel Angel Garcete, D. Felipe Feliciano Insaurralde, D. Rafael Sorazabal, Prof Dr Jose D. Baruja, Prof Dr Anibal Benitez Rivas, D. Jose de Jesus Garcete, Dr Marcos Antonio Morinigo, Dr Victor Acevedo, D. Enrique Maas, D. Maria Margarita Escauriza de Valancia, D. Manuel Aguirre, D. Jorge Harold Doldan, D. Fabio Gaona Fleitas, Dr Benjamin Gonzalez, Ing. Francisco A. Fernandez, D. Silvio Feliciangeli, D. Maria Victoria Gadea de Ros, Dr Segundo Bordon Lopez, Dr. Arsenio Real Bogado, D. Carlos Ynsfran Mareco, D. Maria Ines Decoud de Vergara, D. Eladic Diaz Mujica, D. Milciades Andino, D. Roberto Insfran Mareco, Dr Jorge Raul Garcete, Dr Rodolfo Troche Casco, Lic. Julian Cristaldo Cano, D. Juan P. Maciel, D. Carlos Talavera, D. Juan C. Spatuzza, D. Carlos Antonio Martinez, D. Cristino Amarilla, D. Carlos Fabio Vergara, D. Mario Diosina Britos Troche, Dr Blas R. Chamorro.

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CSO: 3348/817

BISHOP LIVIERES DENIES STAGNATION OF NATIONAL ACCORD

PY291554 Asuncion Radio Nanduti in Spanish 1700 GMT 26 Aug 86

[Interview granted by Msgr Jorge Livieres Banks to Radio Nanduti Director Humberto Rubin on the National Dialogue in Asuncion on 26 August--recorded]

[Text] [Rubin] Well, Msgr Livieres, it has been a long time since we last chatted. I suppose it is because we have not had enough time. We would like to know how the dialogue is progressing, and particularly, what news you have in this regard.

[Livieres] Well, perhaps this is because I have been out of town the last few days. I was in the interior. I went to Puerto Presidente Stroessner this past weekend to attend a meeting with catachists with whom I discussed this subject.

I believe that the great news we have in this regard ... hello

[Rubin interrupts] Yes, yes, we are still on the air. We have not yet been cut off by any interference.

[Livieres continues] is that we are establishing a commission made up of representatives from all national dioceses to pursue this activity in the rural sector. This was suggested during the recent national clerical week, and the recent assembly of bishops approved the establishment of a national commission that will comprise representatives of each ecclesiastical jurisdiction. Therefore, this commission will be directly in charge of holding the dialogue based on the major guidelines that have been established.

In addition, we are extending invitations to those sectors that have not yet been called on to participate, such as professional centers, youth centers, etc. We are also studying suggestions that have been made concerning the next stage.

[Rubin] What is your opinion of the popular dialogue?

[Livieres] I believe that this initiative is based on two factors. Some thought that this would be a better way to prepare for active participation in the national dialogue. Others thought that this was a valid alternative because the national dialogue does not deserve any trust. Well, that is all I know in this regard. But anyway, I believe that it is appropriate to make an effort to allow things to follow their course so that everything will develop well.

[Rubin] I would like to ask you two more questions, and then I will leave you in peace. We are under the impression that because of delays and a lack of dynamism, the national dialogue has stagnated with regard to expanding its grass-roots sectors, or is all this in keeping with your original plan?

[Livieres] Well, we have not had a fixed schedule. We have even said that we did not want to follow a strict schedule because the different sectors might progress at different paces. Moreover, I frankly do not know [Livieres hesitates]...There is always a period in which an initiative takes hold and meetings and interviews are held while there are other sectors that face greater difficulties; they experience delays in their answers. Imagine, we still do not have an official response from the CPT [Paraguayan Confederation of Workers].

[Rubin] A last question, Your Eminence. Transportation Minister Caceres has said that as a Colorado Party member, he requests that all of us remain united; that we not listen to anyone who wants to divide us, whether they are from the National Accord, the liberal party, the Febrerista party, or even the church, whose members are completely against us. This cannot be accepted. What is your opinion of this remark?

[Livieres] Well, I am not familiar with the text of the remark, but I believe that in its 20 April message, the church and the bishops clearly stated that the national dialogue is not against anyone, but in favor of everyone. We have no reason to be against anyone. The church, I insist, is here to help everyone. But I believe it is part of its mission to provide guidance based on the principles and the teachings in the Gospel and the demands and consequences they entail. Therefore, we are not acting as we are because we are against anyone, but because we are against something. The church is against injustice, against selfishness, etc., and this is perhaps why some may think as you say they do. I am surprised by this. I am not familiar with this case, but I do not think the church's actions can be compared to those of a political party or anything of the sort.

[Rubin] No, no, according to EL DIARIO NOTICIAS, Minister Caceres urged Colorado Party members in Paso Barreto not to heed those who try to create a split in the Colorado Party, such as the church members who oppose them are doing. Msgr Livieres Banks, thank you for your time, but I believe that there is still something to be clarified. Whose idea was it to have a dialogue? I see that now several sectors are claiming responsibility.

[Livieres] In what sense?

[Rubin] Several days ago I heard someone from the National Accord or someone from the MOPOCO [Colorado Popular Movement] who said that the national dialogue was originally an idea of a member of the National Accord who proposed this idea to the church. I also heard you or someone else say that it was originally an idea of the church.

[Livieres] I always say that there is no need to question the paternity of the child. Anyway, the truth is that there is a lot of background information in this regard.

I have heard MOPOCO people say that General Bernardino Caballero [Colorado Party founder] was the first to propose a formal political dialogue.

We have always said, and without any doubt, that the church in the 1970's issued documents calling for a dialogue; the papal encyclical, of course contained this. In 1983, the Episcopal Conference decided to mediate, but it is also true that the National Accord formally requested this mediation in November 1985.

I do not believe that there is anyone who can claim responsibility for this idea. It is an initiative that took hold at a given time and it is in response to unquestionable demands.

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CSO: 3348/817

PERU

FOREIGN MINISTER DISCUSSES 'PIA VESTA' CASE

PY131510 Lima Canal 9 Television in Spanish 0250 GMT 13 Sep 86

[No video available]

[Text] Foreign Minister Alan Wagner has referred to the mysterious case of the "Pia Vesta" after being questioned by the congressional Customs Committee.

The congressional committee investigating the "Pia Vesta" case, which is chaired by Deputy Hector Vargas Zayas, met this afternoon to receive the report of Minister Wagner and the Peruvian Navy attache in Panama.

After the session, Minister Wagner said that arms trafficker David Duncan will come to Lima at the request of the Peruvian Foreign Ministry to tell the committee who hired him.

[Begin recording] [Reporter] Has any Peruvian diplomat already contacted David Duncan in the United States?

[Wagner] About 10 days ago, our consul in Miami met with Duncan who reiterated what was reported by the media. That is, that he is the owner of the shipment, and that this was a, quote, commercial, unquote, transaction. He said he is willing to give detailed information about the people involved in this operation, but he did not mention any names.

[Reporter] Didn't he give the information to the Peruvian envoy?

[Wagner] No. He said he would give such information at the right moment, but he refused to tell our consul in Miami.

[Reporter] Then, would you confirm that this is a case of contraband?

[Wagner] I do not wish to make any judgement about the result of the investigation being carried out by this committee. This is evidently a weapons trafficking case. This is obvious by the sort of documents used and the fake, nonexistent, companies that were used. Therefore we have a case of weapons trafficking.

[Reporter] Minister, you said that David Duncan has not given any document to our consul in Miami. To whom does he believe he must give such documents?

[Wagner] He said he will give them to someone especially assigned to accept them. We will determine whom he believes is entitled to receive the documents. Of course the most convenient thing would be for Mr Duncan, who so openly claims to be the owner of this shipment who claims it is a commercial transaction, to come to Peru and speak for himself.]

[Reporter] Has he been summoned already?

[Wagner] That is the task of the investigation committee. [end recording]

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CSO: 3348/823

PERU

GARCIA SEES POSSIBLE CAPITALIST CRISIS

PY131552 Paris AFP in Spanish 0340 GMT 12 Sep 86

[Text] Lima, 11 September (AFP)--President Alan Garcia warned here today that because of the failure to solve the problem of the foreign debt there is danger of arriving at the end of the productive state of world capitalist relations, and the beginning of an unproductive stage.

In a long conversation with foreign correspondents and directors of the local communications media, Garcia reviewed the results of the nonaligned summit meeting in Zimbabwe that he attended.

The president was satisfied with the results of the summit and with having met more than 40 heads of state or government, singling out his conversations with Fidel Castro, Robert Mugabe and Rajiv Gandhi.

Garcia stressed the importance of economic problems and expressed satisfaction that the Nonaligned Movement had approved a document to implement collective action and solidarity in instances of political aggression against the countries, or aggression deriving from the economic situation. It is equally important, he added, that the world begin to understand the Peruvian view of the credit trap.

After World War II, he explained, there was a strong push to the industrial capitalist growth, and multinational corporations opened branches everywhere.

Beginning in 1970, the importance of raw materials declined because of technological development. Industrial expansion stopped and began to be replaced by credit mechanisms, and by financial mechanisms, which then became the fundamental instruments of wealth.

This has led us into a dead end which demands the restructuring of the world economic system, because in a short time the poorer countries as a whole will not be able to pay their debts, and not because they do not want to pay them. This will provoke a serious financial crisis in the rich countries, causing the unproductive system to collapse.

As Brazilian President Jose Sarney has just said to President Ronald Reagan in a crude and sincere fashion, Brazil will be able to repay its debt only if it is allowed to grow. But if the debt hinders its development, Brazil will be unable to pay, Garcia stressed.

Concerning Central America, the president said that a great power is unscrupulously intervening in Nicaragua. He also recalled that the International Court of The Hague condemned the aid to the Contras. He warned that the continent is against open intervention. We cannot allow a foreign power to help any movement that claims to support freedom and democracy, he said.

Concerning the peace efforts by the Contadora Group and the Contadora Support Group, Garcia asked what would have happened had Contadora not existed. What would have happened had the diplomatic efforts of eight Latin American countries not been directed at preventing war in Central America and U.S. intervention in Nicaragua?

I believe Contadora played an essential role, and the important thing now is to keep Contadora alive, for the sake of peace and nonintervention, Garcia concluded.

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CSO: 3348/823

1987 NATIONAL BUDGET SUBMITTED TO CONGRESS

PY290036 Paris AFP in Spanish 1223 GMT 27 Aug 86

[By Hugo Levano]

[Text] Lima, 27 August (AFP)--The social democratic government of President Alan Garcia today submitted to Congress the 1987 National budget, which allocates larger sums for education, health, and the administration of justice but also maintains large sums for military and police expenditures.

According to the figures released by Prime Minister Luis Alva Castro, the budget for education and health will be 13.441 billion Intis ($768 million at the free exchange rate of 17.5 Intis per dollar). This represents 22 percent of the state expenditure.

The budget for the Ministries of the Armed Forces will be 9.317 billion Itis ($532 million) but if the budget of the Interior Ministry, which controls the police forces, is added the budget goes over 16.35 billion Inties. This represents 25 percent of the national budget.

Alva Castro indicated that the 1987 national budget, which has to be approved by the two chambers of Congress before 15 December, also considers socioeconomic development, productive reactivation, redistribution of wealth, and the fulfillment of basic needs.

Alva Castro pointed out that the emergency phase of the economy has ended and that for 1987 there are plans for a more flexible program and the gradual implementation of state-control price policies.

Alva Castro also indicated that the government will maintain its policy of allocating only 10 percent of export income to pay the foreign debt.

The budget allocates $327 million for payments to creditors, and international and government organizations, despite the fact that the debts which will mature in 1987, excluding past matured debts, total $1.822 billion.

Alva Castro also said that during the first year of the current export income to pay the foreign debt. He added that despite the IMF sanctions announced on 15 August, Peru will continue during 1987 to receive credits from the World Bank, the IDB and from government organizations of the FRG, Spain, Argentina and other sources totaling $125 million. He indicated that the budget for the judicial branch will be 1.7 percent of the national budget in accordance with the Constitution.

Alva Castro reported that more resources will be allocated to departmental development organizations, especially in the south and southeast Andean zone which are considered the poorest areas.

The Departments of Ayacucho, Cusco, Puno, Huancavelica and Apurimac will get the equivalent to $150 million. Alva Castro said: We are going to answer subversion with development, just as we promised the country. He said that 22.5 percent of the investment in the public sector will be used for development projects.

Fiscal expenditures are estimated at 61.904 billion Intis ($3.537 billion) but with regard to income, Alva Castro indicated that tax pressure has decreased in relative terms. He said that in 1985 income was 13.5 percent of the GDP and 12 percent in 1986 but that in 1987 it will be 11.8 percent.

Alva Castro also indicated that salaries of the 337,000 public employees and pensions of retired state employees will be increased but that this does not include the members of the Armed Forces and Police.

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CSO: 3348/823

BUSINESSMEN CONCERNED OVER APRA ECONOMIC POLICY

PY180157 Madrid EFE in Spanish 0804 GMT 17 Aug 86

[Excerpts] Lima, 17 August (EFE)--The Chamber of Commerce of Lima has expressed in a long document the concern of Peruvian businessmen over the economic policy of the APRA [American Revolutionary Popular Alliance] Social Democratic Party.

Analyzing the president's 28 July speech in Congress to report on the first year of his government, the Chamber of Commerce document notes that "the absence of an integral development plan for the private sector, for which the most difficult sacrifices are reserved, is apparent in the message."

The Chamber of Commerce also expressed concern because "the entrepreneurial function of the state has not been defined nor has its field of action," while new public enterprises are being created, the old ones are maintained. In sum, the document says, no effort has been made to promote, either internally or externally, the confidence necessary to stimulate investments and reinvestment of capital."

The document says that the private businessmen demand "the right to clear definition of the function to be assigned to the private sector in the future."

Another concern expressed in the Chamber of Commerce document concerns the Gloria Milk Company, a subsidiary of the Nestle Transnational Company, whose stock has been transferred to Peruvian hands, thus creating the risk of "an unfavorable reaction, which could halt investments and credits."

The document also says that "the recent resolution by the government to suspend for two years the remittance of foreign currency abroad as profits, depreciation, debt amortization, interests, dividends, royalties and trademarks, and other payments discourages foreign investments."

The Chamber of Commerce also requests that dollar certificates be unfrozen, because keeping them blocked does not contribute to restoring confidence in domestic savings, and unless they increase, they will stymie development."

Nonetheless, the Chamber of Commerce of Peru expressed satisfaction with the decline of inflation, the dedollarization of the economy, the stable exchange rate, lower bank interest rates and sales taxes, and the workers' stronger buying power. Finally, it called important the government's decisions that private enterprises would not be taken over by the state, that the foreign-exchange market stability would be maintained, that an emergency employment program would be created, that arms expenditures would be limited, and that the country would be regionalized.

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CSO: 3348/823

GOVERNMENT ANNOUNCES SALE OF MISCELLANEOUS COMPANIES

PY060243 Paris AFP in Spanish 1253 GMT 5 Sep 86

[Text] Lima, 5 September (AFP)--It has been officially reported that the Peruvian Government is getting ready to sell 50 state enterprises to modernize the state business sector and limit its activities to areas of strategic importance for national development.

Political observers believe that President Alan Garcia's social democratic government is trying with this measure to gain the confidence of national and foreign capitalists to invest in the country.

Among the first enterprises to be sold is Moraveco, a metallurgical firm. Before the company was taken over by the state when it went bankrupt in 1978, it was the most important firm in the sector. The list also includes the Buenaventura mines and the Del Sur and Prolansa steel factories.

Peruvian state business activity is carried out by 235 firms with a budget of 78.019 billion intis ($4.334 billion) this year. These firms are engaged in all the productive sectors.

The largest firms are involved in finance, energy, mining, transportation, communication and food, but none of these will be sold. Only one Peruvian state company, Petroperu, is among the 20 largest companies in Latin America.

The president of the National Corporation for Development (CONADE), Jose Palomino Roedel, has said that the government does not intend to keep public companies that do not operate in areas of state interest. These companies will soon be sold. There are over 50 of them.

CONADE controls the activity of 91 public companies that are not profit-seeking firms, Petroperu being the most important one. Almost all of them were established during the military government of General Juan Velazco Alvarado (1968-1975), who introduced structural reforms of Peruvian productive activity.

The Finance Ministry controls 43 companies in the finance sector or that have some relation to that sector. These firms in turn are the owners of 91 other companies, most of them without any strategic importance for national development.

Fifty-one of these firms are restaurants, movie theatres, and factories of various kinds, including a brewery. They also have shares in companies that are of interest to the state.

Twenty-four other companies are being liquidated. The first steps toward liquidation were taken by former President Fernando Belaunde's administration (1980-1985) but the process is currently stalled. Meanwhile 16 companies are not operating at all.

The complex nature of the problem and the widespread debate that starts every time the sale of state enterprises is announced has precluded concrete solutions in view of the opposition to the sale or liquidation of state-owned corporations.

The president of CONADE stated that the state has taken over several enterprises that have nothing to do with the role it must play, to the point that it is now involved in a varied assortment of business activities because the takeover of some companies has led to the takeover of others, thus increasing state assets indiscriminately.

Palomino did not provide a detailed list of the 50 companies that will be sold. He did not specify how deals will be made or what conditions one must meet to purchase them.

He indicated that the list includes a lumber mill that operates in the Peruvian jungle, a company that manages warehouses, and several others that should not belong to the state.

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PERU, BOLIVIA JOINT TRANSPORTATION, COMMUNICATION PROJECT

PY090400 Paris AFP in Spanish 1924 GMT 6 Sep 86

[Text] Lima, 6 September (AFP)--On 5 September, Peruvian Transportation and Communications Minister Jose Murgia and his Bolivian counterpart Andres Tetrilecic decided that the Bolivian and Peruvian National Telecommunications Enterprises (ENTEL) will start charging national tariffs for their services in Puno and La Paz Departments, as a pilot project for the Andean countries.

The Peruvian minister said that, taking into consideration the economic situation of the two countries, he and his counterpart Tetrilecic, who last night returned to his country, made progress after two days of talks.

Within the framework of the 1973 agreement between the two countries, they discussed topics such as the interconnection of the two countries' railroads and related works, and decided to give priority to the reconstruction of the 60 km stretch of road that connects Huaqui to Viacha, setting other projects aside for the future, Murgia said.

The whole project, scheduled to be completed by 1990, will cost more than $15 million, he said. He emphasized, however, that the most important and beneficial aspect of the agreement is the decision to have the Peruvian and the Bolivian ENTEL's charge national tariffs for services in La Paz and Puno departments. Puno is located 1,314 km southeast of Lima, on the border with Bolivia.

Murgia pointed out that this agreement will be a pilot project for the other countries in the area, due to the interest shown by the board, a technical body, of the Cartagena Agreement. He also said that a tripartite meeting with Argentine and Bolivia is being coordinated for October, in Lima, in order to discuss the progress of the works in the Matarani (Peru)-La Paz-Buenos Aires railroad.

In conclusion, the Peruvian minister said that they also decided to intensify river trade, particularly in the Madre de Dios River, Madre de Dios Department, Peru, and in Pando Department, Bolivia, in order to speed up river integration in the jungle border region.

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CSO: 3348/823

BRIEFS

BISHOP ON ARMED FORCES--The Bishop of Chimbote, Msgr Luis Bambarein Castelmendi, today explained a media report which, in an attempt to provoke a confrontation between the Church and the Armed Forces, distorted a statement he made at a press conference. [Begin Msgr Castelmendi recording] I am upset and disturbed by this report published under large headlines. At the press conference we held yesterday, at no time were the Armed Forces mentioned. The press conference referred to the Eucharistic Congress and the Cross of Peace that is being erected. Only at the end did someone ask a question about paramilitary groups, to which I answered, and I repeat this now, that I never want to see paramilitary groups operating in Peru, because we know how they act in other countries. We know that these groups act just as blindly as the Shining Path or other terrorist groups. My answer was distorted and taken as a reference to the Armed Forces, something which I emphatically deny. Today, I sent a letter to the director of the newspaper LA REPUBLICA, which carried the report, and another letter to the chief of the Armed Forces Joint Command, because I believe that too many things divide us in Peru and that we should unite. We should not try to incite one against the other, even less when talking about national organizations, such as the Armed Forces. [end recording] [Text] [Lima Television Peruana in Spanish 0100 GMT 30 Aug 86 PY] /12913

MORE CURRENCY EXCHANGE--Lima, 29 August (AFP)--Peruvian Prime Minister Luis Alva Castro today announced measures that will allow exporters to negotiate the currencies they receive for their sales abroad at better rates of exchange. The Prime Minister made this announcement in Huancayo, 310 km east of Lima, where he was attending the inauguration of the offices of the Central Reserve Bank, whose executive board met in that city, and adopted this resolution which favors the exporters. Alva Castro said this resolution stipulates that exporters of nontraditional products can exchange up to 50 percent of the dollars they receive in the free financial market, where previously, they could exchange only 40 percent. The rest must be exchanged at the official exchange rate. The exchange rate on the official market is under 14 Intis per dollar, while on the free market, it is 17.50 Intis. The resolution also states that the exporters of traditional products (minerals and farm products) can negotiate in the free market up to 20 percent of the currency earned from exports, instead of 5 percent. For small and medium-sized miners, the percentage negotiable in the free market has been increased from 30 to 35 percent. [Text] [Paris AFP in Spanish 2335 GMT 29 Aug 86 PY] /12913

WAGNER ON IMF FLEXIBILITY--Las Palmas, Canary Islands, 10 September (EFE)--Peruvian Foreign Minister Allan Wagner today said in Las Palmas that only if the IMF "reaches credit agreements" will Peru be able to pay its foreign debt. During a stopover in the Canary Islands on his way back to Peru, Wagner said that, otherwise, his country "will not be in a position to make full payments" on its debt. Wagner is returning to Peru from the nonaligned summit in Harare (Zimbabwe) which he attended with President Garcia. The Peruvian foreign minister said that the IMF must make its position with regard to the payment of the debt "more flexible" as the only solution to collect the remaining $14 billion Peruvian debt. The foreign minister believes that the "flexibility" of the IMF must be expressed by "reaching credit agreements" that allow Peru to recover economically. He also said that the decision of Alan Garcia's government not to use more than 10 percent of its export revenues to pay the debt will apply "to all creditors," and not only to the IMF. Allan Wagner did not rule out the possibility that Peru might in the future cancel its debt, and he said that it is indispensable that the IMF, Peru's largest creditor, adopt an attitude favorable to dialogue. [Text] [Madrid EFE in Spanish 0507 GMT 10 Sep 86 PY] /12913

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VENEZUELA

HERNANDEZ GRISANTI DISCUSSES CITGO NEGOTIATIONS

PA110414 Caracas Television Service in Spanish 0000 GMT 11 Sep 86

[Report by Carlos Fernandes]

[Text] In its regular meeting held today, the Council of Ministers approved the negotiations between Petroven and Southland Corporation allowing the country's main industry to acquire 50 percent of the shares of Citgo Petroleum's refining and marketing conglomerate.

At a news conference, Energy and Mines Minister Arturo Hernandez Grisanti presented the terms of this negotiation. He explained that the financial agreement will allow Venezuela to sell 200,000 oil barrels per day, together with a significant amount of heavy naphtha for refining. Together with this the country's oil industry will have access to the profits generated by the Citgo distribution and marketing system, which is one of the most important in the United States.

Regarding this, it was reported that Citgo products are distributed to 7,450 service stations in the U.S. central and west coast regions. This is the reason for the importance of this negotiation.

According to Hernandez Grisanti, this purchase will allow the country to obtain 50 percent of Citgo's assets. The local oil industry will have to pay $290 million, with $120 million delivered in cash and the rest capitalized through crude oil Petrovan has supplied to the Citgo refinery since February.

This negotiation also requires Petroven to contribute $100 million for working capital. However, this amount will not be paid in cash but through oil deliveries.

In addition, Petroven and Southland promised to change the Citgo by-laws, thus giving Petroven the presidency of the board of directors and allowing it to confirm and verify the main decisions. This stock purchase reinforces the policy of internationalizing the oil industry. Its terms were highlighted by Minister Hernandez Grisanti.

[Begin Hernandez Grisanti recording] It is a large operation and with it, as we discussed in the shareholders meeting last week, we are selling from our own refineries 500,000 barrels of finished products. This proves that we are getting close to another 500,000 barrels in other sales. This indicates that we are reaching the consumer with 1 million barrels of products, which must be added to 500,000 barrels of crude for a total export of 1.5 million barrels in this year of grace, 1986, which has not been that much of a grace because the price of oil dropped quite a few dollars throughout the year. [end recording]

Regarding the international oil market, Hernandez Grisanti maintained the same moderate approach he presented recently at the Petroven shareholders' meeting. However, he announced that today NorwaY, which is not an OPEC member but is abiding by the decisions of the organization, decided to reduce its oil production by 90,000 barrels per day.

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VENEZUELA

BRIEFS

LUSINCHI ON OIL POLICY CRITICISM--Before departing for Trinidad and Tobago this morning, President Jaime Lusinchi said that his government has never made any decision under pressure in the face of criticisms of his oil policy, and will do so less now. Lusinchi was referring to a statement made by former President Rafael Caldera, who said that the Lusinchi administration is acting under threats and pressures when dealing with criticisms of his oil policy. [Begin Lusinchi recording, in progress]...that no one has pressured me, and that I would not accept any kind of pressure. So, if Caldera has any knowledge that his fellow party-member [former President Luis] Herrera Campins acted under pressure, that is his business; but in my case, I categorically deny this. On another subject, President Lusinchi said that drug trafficking is one of the country's most serious problems. In this regard, he stressed that efforts are being made to minimize the actions of the drug distributors. [Begin Lusinchi recording, in progress]...with the additional burden that we are facing a drug invasion. This is an escalating problem, and we must make joint efforts--all the forces, the entire Venezuelan society--to counter that serious threat. [end recording] [Text] [Caracas Television Service in Spanish 1600 GMT 12 Sep 86 PA] /12913

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JPRS-LAM-86-097

7 OCTOBER 1986

Latin America Report

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JPRS-LAM-86-097

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POLITICAL OBSERVER ON USSR LATIN AMERICAN POLICY

Santiago APSI in Spanish 28 Jul - 10 Aug 86 pp 56-58

[Interview with Dr Augusto Varas, political analyst and sociologist, by APSI staff; date, time, and place not given]

[Text] [Question] How would you define the Soviet Union's policy on Latin America in the past 2 decades with regard to continuity and change?

[Answer] I would say that the Soviet policy on this region received very low priority until 1959. The USSR began to take interest in Latin America only after the triumph of the Cuban Revolution. During this period, an effort was made to take advantage of the conflict between Cuba and the United States. But the missile crisis, its resolution (which the Soviets regard as unfavorable), and the political failures with Yugoslavia and China, meant that a policy for this region was not defined until shortly after Brezhnev came into power. Cuba, in this regard, was just an episode. Current Soviet policy on Latin America was defined within the framework of the peaceful coexistence model formulated by Brezhnev. That model gives priority to relations with the United States, and takes the ideology out of ties with the region.

[Question] What does this concept of peaceful coexistence translate into, in terms of relations with Latin America?

[Answer] Relations with Latin America cannot be understood without putting them in the context of the USSR-US-Latin America triangle. This means that the limit of Soviet actions in this region is defined by what the United States considers tolerable. The Soviets have an interest in avoiding any military conflict with the other superpower in this area.

[Question] Despite that, the USSR has maintained a presence in most political processes in the region ever since 1959.

[Answer] That is true. However, since 1964 it has done so with a clearly defined policy and objectives. In 1968, for example, it lent strong support to the government of Velasco Alvarado in Peru. In the view of the Soviets, this regime represented progressive formulas and resources within national frameworks and policies. During his administration (1968-1975), Velasco pursued a series of policies aimed at liberalizing Peruvian society and eliminating the oligarchy. Another interesting point is Soviet support for the multiclass and multiparty movements that have arisen in Latin America. This policy clearly contradicts the foquist insurrection policy that was supported, at least in ideological terms, by Cuba. The Soviet Union even suspended the increases in the petroleum quota to which it had agreed with Cuba, in order to exert pressure on that government in 1968. I would say that there is sufficient precedent to believe that since 1964, the USSR has been interested in forging a policy of detente with the United States in this region.

[Question] What other interests underlie this policy?

[Answer] The insistence, for example, on the need for a negotiated solution to the problems between Cuba and the United States. The USSR believes that part of the tremendous financial burden of maintaining the Cuban economy could be alleviated by freeing up economic relations. Another permanent variable in this relationship is support for the multiclass and multiparty movements. Popular Unity (UP) is a good example of that. The USSR was sympathetic to the UP because it was pursuing the same kind of policy that the Soviets had been implementing since 1964. In other words, it supported the use of institutional means, it abstained from the violent destabilization of the domestic order, it advocated significant state intervention, and it aimed to lay the groundwork for a peaceful transition to socialism. Finally, from a very practical standpoint, the Soviet Union is interested in maintaining good economic relations with countries that can provide the raw materials that are indispensable for its domestic situation, as in the case of Argentine wheat.

[Question] What success has the USSR had in Latin America with the foreign policy you just described?

[Answer] We can mention, for example, the privileged relationship it has with Argentina in the economic sphere. This relationship was cultivated during the military governments, and continued afterward. We must not forget that when the grain embargo was imposed against the USSR, the Videla dictatorship kept the supplies coming. We might also mention among the successful examples the Soviets' privileged relationship with the Peruvians in the military sphere. Here no one has claimed that this relationship is destabilizing the hemispheric order. Nevertheless, along with these important military ties, strong economic-financial bonds have been established. The Soviet Union, for example, receives goods as partial payment for Peru's financial debt to it. In addition to opening up new avenues of negotiation with respect to the foreign debt, this constitutes a commercial venue that yields mutual benefits. In the last round of negotiations between the two countries last November, for example, if an agreement had not been reached for Soviet purchases of textiles and shoes, many Peruvian industries would have gone bankrupt. To that extent, the Soviet market is important to the Peruvians.

[Question] What other countries, in addition to the ones you have mentioned, are significant in terms of Soviet-Latin American relations?

[Answer] Brazil is a horse of a different color. There is more exchanging going on here in the areas of manufacturing, finance, and international politics, given Brazil's influence. In this country, for example, the USSR has implemented some innovative policies, such as the creation of binational commercial firms in the private sector to operate in third countries. In this way, a convergence of interests is taking place, and a policy of mutual reinforcement is arising to move in the direction most beneficial to each side. After that, of course, there are other kinds of markets, such as the Colombian grain trade and the purchase of tropical goods from Ecuador. Mexico, on the other hand, is very important politically. Soviet policies and priorities in the region are very different, pragmatic, and nonideological, and they are determined on a case-by-case basis. I can say, nonetheless, that the USSR is reaping the benefits of the errors sowed by the United States.

[Question] What benefits does each side get from this relationship?

[Answer] I would say that for Latin American countries, the USSR represents three things: a market and an important and stable economic partner on the basis of long-term pacts; the potential for technology transfer oriented toward the development of the infrastructure; and international political support. The benefits for the Soviet Union are obvious. This relationship provides the USSR with a presence, respectability, and the possibility of relying on Latin America at least to maintain a policy of nonalignment. In the case of Argentina, for example, the USSR not only enjoys the support of grain producers, but it also has meat purchases and, more recently as a result of the industrial cooperation agreements, it has ingratiated itself with the entire business sector and even the military, given its support for military regimes. In other words, as we have seen, the economic-commercial instrument has yielded positive results for the USSR on the international political level, especially in terms of deactivating the cold war and removing Latin America from the East-West conflict. The Soviets' actions over the past 22 years have prompted the countries of this region to take an interest in developing commercial, political and military ties with them.

[Question] How does the USSR see the situation in Central America, and what action is it taking?

[Answer] The Soviet Union has been very careful not to extend its involvement beyond the limits of U.S. tolerance. In this regard, for example, there is no evidence that the USSR has any significant military presence in Nicaragua. Even the weaponry that the USSR has sent to Nicaragua is precisely the opposite of what the Sandinist leadership has requested. Instead of MIGs, it sent artillery helicopters for the Air Force to combat the counterinsurgency, as part of an intermediate solution that shows solidarity but at the same time protects the USSR's interest in avoiding a confrontation. I believe that it is very clear that the Soviets will not intervene in case of an invasion of Nicaragua. The Nicaraguans know this, and so do the Cubans. The USSR does not want to play into the hands of Reagan's self-fulfilling prophesy, because that would justify his entire warmongering policy, and the Soviets are not in a position to confront him on that. Soviet credibility, however, requires that it have some sort of relations with Nicaragua. There are elements of humanitarian commitment in this, but also of Soviet national interest, which is tied to an image of lending support and containing U.S. military offensives in the Third World. The basic problem here, for both the Soviet Union and the United States, is that Nicaragua is loaded with symbolic and instrumental elements. . . And I think that Reagan, though he has initiated certain policies of detente with the USSR, will not solve this problem.

[Question] After all you have said, how can you explain the Soviet position with respect to the UP, and now with respect to the Chilean Communist Party (PC)?

[Answer] As far as Chile is concerned, I would say that the USSR looked very favorably on the UP. In my opinion, the problem was not that the USSR did not support the UP economically, but that the UP political leaders had the wrong idea. They were disappointed to learn that Soviet policy was going to depend on the legitimacy, credibility, and stability of the government. There is no indication in Latin America that the Soviet Union intends to assume the role of a stabilizing element, because it certainly does not want to repeat what it has done in Cuba. And with regard to the Chilean PC, the first thing that must be said is that, as was made clear at the meeting of Latin American communist parties in Havana in 1975, the PCs of the region are not homogeneous entities, and they follow very divergent policies in each country. In view of this situation, the USSR decided to give priority to the overall elements of its relationship with the United States, rather than to national policies.

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CSO: 3349/791

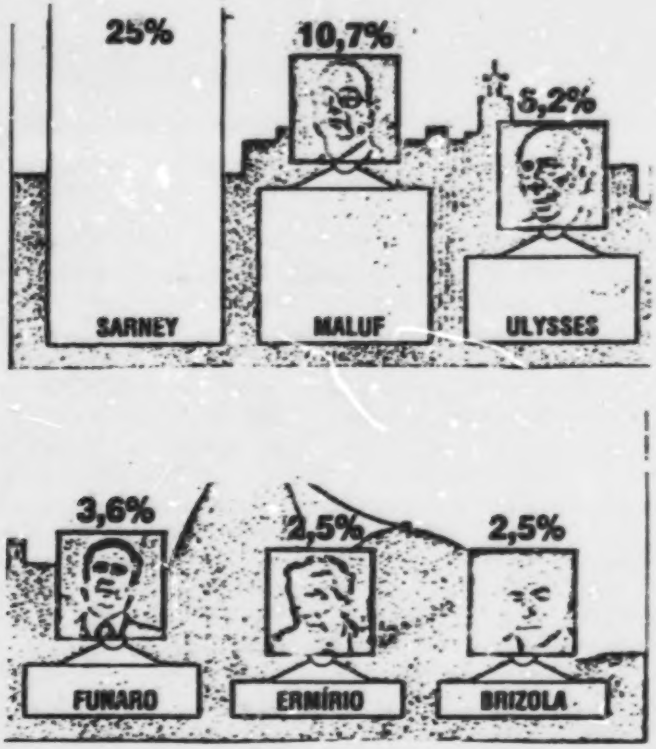
IMPACT OF PREELECTION POLLS ON CANDIDACIES, METHODOLOGY

Sao Paulo VEJA in Portuguese 13 Aug 86 pp 36-42

[Text] The 1986 election campaign did not begin with a debate on ideas, nor has it initiated a confrontation between platforms for government--but it is already a battle of numbers. It was discovered in a nationwide poll by the IBOPE [Brazilian Public Opinion and Statistics Institute] that 7 out of 10 voters have not picked their candidate for 15 November and that 72 percent of the country's 65 million voters do not have the slightest idea what a constituent assembly is supposed to be. For the politicians, there are figures that caress and others that wound. In Brasilia, President Jose Sarney ended the week with the smile of one caressed. "The people have understood me," said Sarney, who has been confirmed as the country's number one leader even after the change of course with the Cruzado Plan. The same poll brings a serious concern for Sarney and the coalition of parties, interests, and self-interests supporting the government: 1.5 years after being crushed by Tancredo Neves in the electoral college, Deputy Paulo Maluf, the PDS [Social Democratic Party] candidate for governor of Sao Paulo, is emerging as the country's number two leader, just behind Sarney and well ahead of Ulysses Guimaraes. Strengthened by high levels of popularity since he initiated the reform of the economy, the president would prefer not to see that comparison made public. "It may help Maluf in Sao Paulo," said Sarney (see the chart below). In showing that caution, the president was reacting as all politicians do when faced with the vague figures in polls: they believe what suits them, doubt what disturbs them, and reject with tenacious confidence any figures that make them look bad.

With 3 months remaining before the decision at the ballot box, which will determine the state governorships and set the course for the presidential race, polls have become a passion. Everyone believes his own poll and, with the rationality of the alchemist, doubts the others. "The figures are made to order," says Josaphat Marinho, the PFL [Liberal Front Party] candidate for governor of Bahia, where, according to an IBOPE poll, he would be the choice of 21 percent of the voters, compared to the 59 percent now said to favor his rival, former Minister Waldir Pires of the PMDB [Brazilian Democratic Movement Party]. Pires says ironically: "As the representative of the reigning power in the state, my opponent ought to have at least 30 percent of the voters." In Maranhao, PDS candidate Joao Castelo, who reportedly has 20 percent of the voters compared to 58 percent supporting Epitacio Cafeteira of the PMDB, has attacked the figures by saying: "The rascality has begun." Darcy Ribeiro of the Rio de Janeiro PDT [Democratic Workers Party], who is behind in his race with Wellington Moreira Franco, says in response to the poll: "I don't believe it."

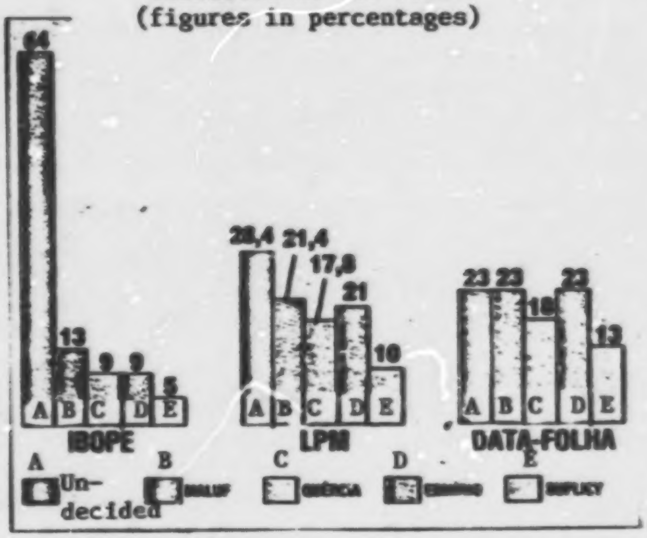
Each One's Share



The top national leaders, according to 600 interviews conducted by the IDOPE from Rio de Janeiro to Sao Paulo

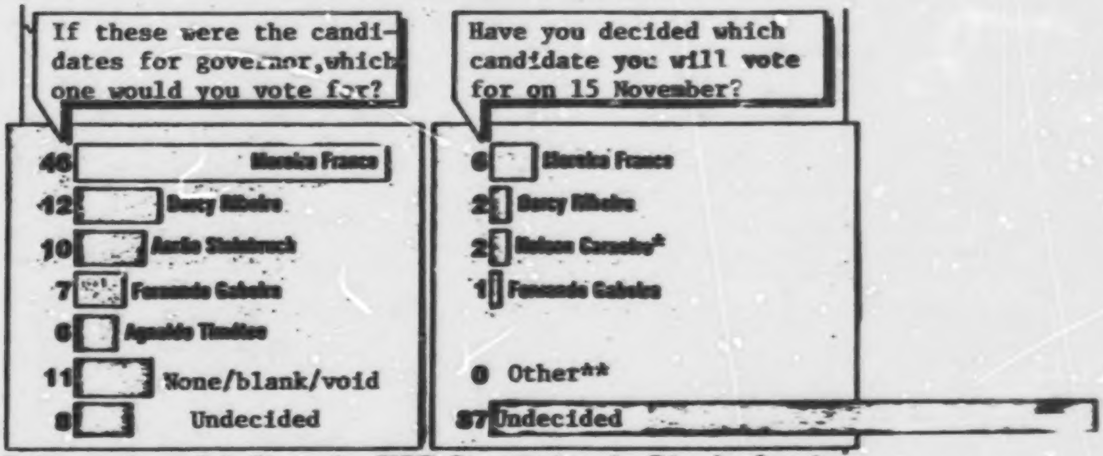
Falling into a Trap: In this tumultuous debate, in which the voters naturally have difficulty in separating the real certainties from the mere hypotheses behind a statistical chart, war has broken out in Sao Paulo. Disagreeing with a poll sponsored by DataFolha--the FOLHA DE SAO PAULO's research department--Deputy Governor Orestes Quercia, the PMDB's candidate for Franco Montoro's job, filed a petition with the Regional Electoral Court last Tuesday. His intention in doing so is to get his hands on 3,022 questionnaires from a poll in which his candidacy appeared in third place on the list of voter preferences. Last week a new poll, this one by the LPM, indicated a further drop for Quercia, but the deputy governor seemed prepared to go all the way with his effort. "He may become discouraged," says one of Quercia's running mates. "We have information that the real figures were changed to harm us,"

Confusion in Seo Paulo
(figures in percentages)



The undecided are the majority according to the IBOPE and the LPM and are tied with Antonio Ermirio's and Paulo Maluf's supporters according to DataFolha—the first poll to show Orestes Quercia's drop to third place.

Subtle Differences in Rio de Janeiro
(figures in percentages)



* Poll conducted before the PMDB Convention in Rio de Janeiro.

** Does not add up to 13 percent because 1) decimals were rounded off in the case of major candidates, and 2) others mentioned did not total 1 percent.

A poll may lead to contradictory results—both correct. In one case, the IBOPE showed its interviewees a list of candidates, and Moreira Franco was the winner. In the other, it did not suggest any names, and almost 90 percent were undecided.

says attorney Antonio Claudio Mariz de Oliveira, who is representing the PMDB candidate. "If the FOLHA DE SAO PAULO takes any steps to avoid complying with the petition, that will demonstrate publicly that we are right."

Antonio Manoel Teixeira Mendes, DataFolha's coordinator, says: "He could have made the request directly." The victim of a conspiracy within his own ranks, where the movement in favor of supporting the candidacy of businessman Antonio Ermirio de Moraes is growing and efforts aimed at some double-dealing with Eduardo Suplicy of the PT [Workers Party] are getting underway, Quercia is running the risk of falling into a trap as a result of his attack and of coming out of it without deadening the impact those figures will have on his candidacy. "A politician who attacks polls is like a sick man who breaks his thermometer to get rid of his fever," says Serge Viriato, an adviser to the IBOPE's management. Viriato is exaggerating, since according to the IBOPE's thermometer, the current mayors of Sao Paulo, Fortaleza, Recife, and Florianopolis should be candidates Fernando Henrique Cardoso, Paes de Andrade, Serge Murilo, and Francisco de Assis. As a matter of fact, the voters are entering the 1986 campaign with less faith in polls than they had in 1985. Until last year, they may have had too much faith in polls. Today, they may not have enough faith in them. In these elections, in connection with which they will bill an estimated 60 million cruzados, the polling institutes are facing a decisive test--one in which their activities may either wipe out the memory of last year's failures or worsen their current credibility crisis. In the elections for the mayors of state capitals, Gallup conducted polls for VEJA, the Globo Network, and the newspapers O GLOBO, O ESTADO DE SAO PAULO, and the JORNAL DA TARDE, while the IBOPE did the same for the JORNAL DO BRASIL. Today, the IBOPE is conducting polls for the Globo Network and the newspaper O GLOBO, while Gallup has no clients in the press. "Polls should be conducted only 2 weeks before an election, because before that, the results do not indicate which candidates the voters are going to choose. They simply turn into popularity contests," says Prof Everett Carll Ladd, director of the Center for Public Opinion at the University of Connecticut in the United States. For better or for worse, polls carry undeniable weight--with the voters and with the headquarters of every candidate. "I like to vote for the one who is going to win," says soldier Joaquim de Freitas of the Military Police, who, when he was called on last week by an interviewer from the Mass agency in Sao Paulo, said that his candidate for governor of Sao Paulo was PDS Deputy Paulo Maluf, the leader in most of the public opinion polls conducted to date.

Hit in the Pocketbook--Whether demonstrating a candidate's unexpected strength or revealing his hidden weakness, electoral projections strike hard at a sensitive spot in any candidacy--its funds. President Tancredo Neves used to recall: "Whenever I lost points in the Gallup poll, my talks with the contractors grew more difficult." In 1982, 1 month before the election, he was 2 percent behind the PDS candidate. The owner of the largest river fleet on the continent, businessman Joaquim Fonseca of Belem in Para, livened up the 1982 campaign for the state governorship with an office that specialized in flaying the PMDB's candidate, Jader Barbalho, with accusations of corruption, cronyism in job appointments, and support for communist organizations. With only 48 hours remaining before the election, however, the public opinion polls indicated a turnaround among the voters: Jader, who until then had been running 5 percent behind Oziel Carneiro, the PDS candidate, had managed to catch up with his opponent--and was even threatening to surpass him, which in fact he wound up doing. Playing it safe, Fonseca sent the PMDB Committee a check for 500,000 cruzeiros--the equivalent of 30,000 cruzados in today's money. "I could not accept it," says Barbalho, who returned the last-minute contribution with a note explaining that he could do without the help.

When a candidate rises in the polls, his life improves. "Two more polls like this and our campaign fund will be complete," says the PMDB candidate for governor of Santa Catarina, Pedro Ivo Campos, who according to the IBOPE is preferred by 60 percent of the voters. On the other hand, when the polls point in the opposite direction, the reverse occurs. Contributions go elsewhere, friends become less generous, and ward bosses go off in search of more secure jobs in rival organizations. "The 1982 poll was what led to my defeat," says Senator Jaison Barreto of the Santa Catarina PDT. His statement may be exaggerated--but not much.

Known for his leftist stands, according to his advisers, Barreto 4 years ago set up a front with big businessmen, among them Stemer Sorato of the transportation industry, big construction firms such as Coenco Engineering, and a group of insurance companies. The purpose was to defeat the PDS at the ballot box. Even rancher Dilson Freitas, one of the wealthiest men in the state and a member of the PDS, had promised to fortify the PMDB campaign (Barreto had taken refuge in the PMDB at the time). But all it took was a Gallup Institute poll, published exclusively by VEJA and announcing that Espiridiao Amin had shot ahead to an 18-percent lead with the election only 4 weeks away, and the picture reversed itself. "I heard millionaires telling us they didn't even have enough money to supply us with gasoline," says one of Barreto's advisers. Even Dipronal, the auto dealer in Florianopolis that had promised to lend two secondhand automobiles for use in the campaign, backed down. "On the day agreed upon, my staff went there to pick them up, but the manager said he was afraid because he depended on the government and the poll was not helping us," says Edison Andrino, the city's mayor, who was also hurt by the Gallup and IBOPE polls last year and who was involved in Barreto's campaign. Jaison Barreto says: "I'm not saying that there was bad faith, but it was a disastrous error."

Coincidence of Errors--There are other, equally dramatic failures in the gallery of fiascos by this country's electoral polling institutes, one being the incredible favoritism shown by MARPLAN toward candidate Flexa Ribeiro in the 1965 elections for governor of Guanabara (see the last graph in this article), but their overall record is favorable--in general, they are correct 95 percent of the time. In this tricky and luxuriant world of figures and graphs, however, there are howling errors, instances of tenuous reasoning, and serious accusations. "My experience shows that the polls are used to influence public opinion, not to present the picture of a real situation," says Maria Luiza Fontanele, mayor of Fortaleza. According to the pre-election polls, she was not going to garner more than 10 percent of the vote and was supposed to place third among the competitors in the elections of last 15 November. Instead, she won with 32 percent of the vote. Her case is equaled only by that of Darci Accorsi (PT) of Goiania, who was supposedly going to wind up with a meager 11 percent of the vote but who, a little over 2 weeks after that poll was published, grabbed off 41 percent of the total votes cast. Fortaleza and Goiania have both left layers of mystery surrounding the polling institutes. The simplest one concerns the ability of their antennae to detect changes in voter preferences. In Goiania, for example, even Minister of Agriculture Iris Rezende, leader of the PMDB in his state, was forced to engage in a tough domestic discussion to persuade his son Cristiano to vote for his party's candidate--rather than for the PT.

Iris Rezende says: "I had an uncle with whom it was hopeless: he telephoned me the day before to say that for the first time in his life, he was going to vote against the candidate I had suggested." Neyza Furgler of the IBOPE, who is also chairman of the Brazilian Market Research Society, admits: "It was a mistake: we felt that the election was already decided and stopped conducting polls." The other mystery in those two polls is more complicated. It happens that in their errors, Gallup and the IBOPE both made forecasts exhibiting a coincidence that occurs very rarely. The chances are 1 in 5,000 that two polling institutes, without communicating with each other, will err in their forecasts with almost identical figures in the same two cities. This happened both in Goiania, where both institutes predicted 11 percent for Accorsi, and in Fortaleza, where the IBOPE gave Maria Luiza Fontanele 7 percent and Gallup gave her 10 percent. In a purely mathematical calculation, that is the same as if two people were to land in a small city and, without having an appointment with each other, were by some stroke of good luck to wind up meeting each other in the same place. "We did not keep up with the change in the voters," admits Carlos Matheus of Gallup.

Last year's election was a tribulation for the polling institutes. For over 10 years they had almost always been right, and then, overnight, they were wrong in the most hotly contested campaign of all, that for mayor of Sao Paulo. From the statistical point of view, the error by the polling institutes was not very great. Senator Fernando Henrique Cardoso of the PMDB held a 1-percent lead in the polls on the eve of the election and wound up defeated at the ballot box by a difference of 3 percent in favor of Janio Quadros. "The error in the calculations even harmed me, because it created the idea that I had already won, and many people felt that it was no longer necessary to work with the same perseverance," says Fernando Henrique.

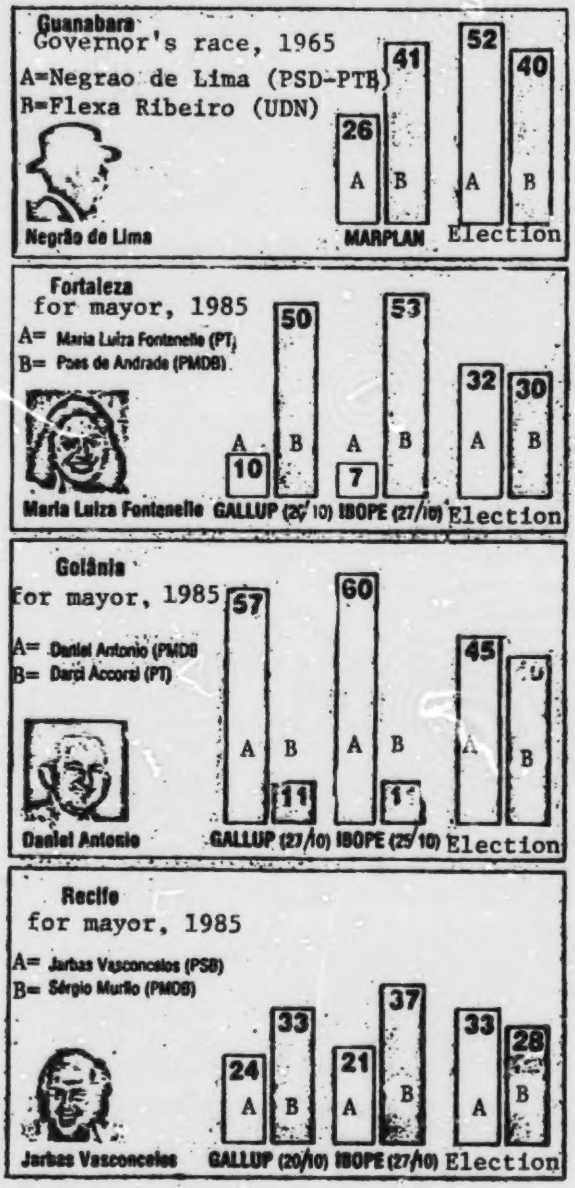
That climate of optimism was real--even in the offices of the polling institutes. With 24 hours left before the opening of the polling places in Sao Paulo, the LPM interviewed 396 people in the city and discovered a strong trend in favor of Janio Quadros. But after consulting the surveys made by its competitors, the LPM decided not to publish the results. "On that occasion, we had conducted a limited survey and were not sure of our figures, which contradicted those from the other institutes," says Pergentino Mendes de Almeida, the LPM's general manager.

The real public drama in those elections occurred, however, on the night of 15 November, when Carlos Matheus of Gallup went on Globo TV to announce that an exit poll had shown that Fernando Henrique would win by 38 percent to 37 percent. Those figures were not genuine--and Matheus knew it. Between 1600 hours on that day--when Gallup's computers had finished processing the data from 2,500 interviews that a team of 100 pollsters had conducted in the capital--and 1800 hours, when Matheus appeared on Globo's nationwide television network, something deadly had occurred. With the poll completed, the tabulated figures were clear: contrary to most of the forecasts, Janio Quadros was ahead with 37 percent compared to 35 percent for his opponent. An excited Matheus sought out Prof Jose Severo de Camargo Pereira, who has been Gallup's adviser on statistics for 10 years. Matheus told him: "Janio is going to win, Severo." The statistician answered: "That cannot be." And on the basis of that hypothesis, the two men decided to alter the data that had been gathered. Using the argument that the poll had been conducted hastily and may have included a flaw that it was impossible to detect at that point, they cross-checked the results of the exit poll, in which Janio was the winner, with the figures from the previous poll, which put Fernando Henrique ahead. The result was that the PMDB candidate came out the winner according to Gallup--but his opponent won according to the TRE's ballot boxes. "It was a mistake," Matheus admits today. "I will never do that again as long as I live. I should have disclosed the results of that poll alone on the 15th as reflecting the real situation."

Situation Reversed--At the time, Matheus, who is now conducting polls for the deputy governor of Sao Paulo, Orestes Quercia of the PMDB, went so far as to accuse women voters of being turncoats in the last few days before the election. He was also complained of by reporter Eurico Andrade, a high-ranking member of Fernando Henrique Cardoso's campaign, who said that he should not be interfering in the actions taken by the candidate. "I feel that those stands are a problem to be solved by the politicians," says Andrade. Matheus admits: "There is no doubt that the credibility of the polling institutes has been weakened since all those episodes."

In the best joke about the bad use that can be made of good statistics, the story goes that in reporting on a race between a Ford Mustang and a Soviet-made Lada, the newspaper IZVESTIA told its readers that the Russian automobile had placed second--while the American car had only managed to come in next to last. "Polls conducted by institutes are accurate," says Fatima Jordao, poll coordinator for the Sao Paulo Governor's Office, where Governor Franco Montoro is in the habit of personally analyzing every public opinion survey that reaches his hands. "The biggest difficulty is in knowing how the data are presented." There are polls of doubtful origin which do not report the source of their data--an example being an election forecast presented by newspapers and TV in northern Parana in 1978. It showed that businessman Manoel Garcia Cid was the favorite for mayor of Londrina with 28 percent of the vote 1 week before the election--in which he came in last with the support of 9 percent of the voters. One also comes across polls which are accurate but which are published at the wrong moment--this is a trick used by the politician who, when he falls far behind in the final stretch, republishes polls from the time when his strength was at its peak. In this war of numbers, in which

The Big Fiascos
(figures in percentages)



In the election for governor of Guanabara in 1965, MARPLAN became the champion of erroneous predictions. In last year's mayoral elections, there were three big fiascos.

scientific method yields to empirical impressions--as happened with Gallup on 15 November--the reverse can also occur, with the empirical method producing the correct result. When Radio Young Pan of Sao Paulo invited voters to cast ballots at 20 make-believe polling places scattered around the city, it came up with the winner in the race for mayor, although it did worse than the institutes in calculating the winning margin, since it predicted an 8-percent lead for Janio Quadros. "We have no scientific pretensions, but we are right on most of the results," says station manager Fernando Viera de Melo. "This year we are going to do it again."

Bananas and Pineapples--"I regard these polls as the framework of a closely circumscribed situation," says Miguel Arraes of the Pernambuco PMDB, who so far is favored to win the race for governor in his state. In the search for facts that will make an impact on the voters, there are politicians who use correct polls based on scientific surveys--but presented in an incomplete way. Three months ago, for example, Orestes Quercia, the PMDB candidate for governor of Sao Paulo, combined a survey conducted by Gallup in Sao Paulo's interior with one conducted in the capital by the Teorema Institute and concluded that he was in leading in the electoral race throughout the state with 24.5 percent of the vote. "That kind of counting is the equivalent of adding half a dozen bananas to half a dozen pineapples and coming up with a crate of oranges," says Deputy Marco Aurelio Ribeiro of the PMDB, a party that is gaining in candor as its candidates face up to their drop in the polls. And on 14 May of this year, PDS candidate Paulo Maluf presented through the newspapers a poll of 15 cities in the interior. It showed that he was ahead in 12 of them, was losing in 1, and was neck to neck with Quercia in the other 2. There was nothing untruthful in what was reported--but the unwary reader might have gotten the impression that on that occasion, Maluf was the favorite with the voters in the interior, which accounts for 50 percent of the vote. Actually, he had chosen his municipalities in such a way as to falsify the sample. In Bahia, the IBOPE is accused of conducting state polls based on cities specified in advance by the candidates.

"We render a service and take responsibility for that, but we cannot be held responsible for what our client is going to do after that," says Pergentino Mendes de Almeida of the LPM. "If a gun shop sells a revolver, it cannot be blamed if the customer decides to commit a crime." The issue is much more complex as far as the institutes are concerned, since in fact, the candidates are saying that the revolvers fire by themselves and, what is worse, that they do so on the basis of scientific criteria. That is the situation in which the election polls are clearing a path for themselves in the midst of a political culture that is young, naive, spendthrift, and, in many cases, unscrupulous. "The more modern a society is, the more reliable its polls are," says political scientist Francisco Weffort, who is secretary general of a party--the PT--which in most of the country today is not supported by 5 percent of the voters. "They are an accurate indication when it comes to evaluating the performance of candidates from the majority parties.

That is the key issue. Faced with an electorate of 65 million people who can barely distinguish among the dozens of lists of candidates and who do not even know the names of the candidates they will be voting for 3 months from now, politicians are beginning to use electoral polls as a way of strengthening their candidacies and thereby putting down more solid roots for themselves and their parties--and the winners are the voter and democracy. "Polls guide me like a compass," says Newton Cardoso, the PMDB's candidate for governor of Minas Gerais.

Five Hundred Times the Salary of Fernanda Torres

Along this path by which the country, both rightwing and leftwing, will mark the end of the protest votes that characterized elections held under the regime of the generals, all politicians are being forced to present more solid platforms for government. And polls which go beyond determining the name of the most popular candidate and also attempt to discover the main concerns of the population as a whole are a valuable tool in preparing those platforms. "Those polls are a means of assessing the thinking of voters that no one takes the trouble to visit," says Paulo Maluf, who has set up his own polling organization in the form of 15 university people who have been scouring Sao Paulo's 570 municipalities for the past 4 months. "It is no longer possible nowadays to conduct a campaign based on boldness and courage," says advertising man Alfredo Fedrizzi, who is involved in the campaign by Senator Pedro Simon of the PMDB to be elected governor of Rio Grande do Sul. "Polls make it possible to gather scientific facts."

In this onslaught, electoral polls may provide the political world with the same reliability as that enjoyed in the economic world, where polls were introduced over 40 years ago and where they now function as such a well-tested tool that no one doubts them. "Market research is necessary even if you want to change the cap on a bottle of shampoo," says Marcelo Matarazzo, head of Gessy Lever, a multinational company with 9,000 employees in Brazil. "No one gets it right every time on the basis of feeling," says Jose Carlos Villaca of Rhodia. As head of the fourth-largest TV network in the world, whose strength was built on audience surveys continued during almost a decade in which such surveys were held in general disrepute by its competitors, Jose Bonifacio de Oliveira Sobrinho, or "Boni," vice president in charge of operations for the Globo TV Network, uses the services of the IBOPE, Audi-TV, and the LPM to gage the direction in which his business is moving--and he feels that the same method can help in politics. "It goes without saying that an audience survey relates to events in the past and that its margin of error is smaller," says "Boni." "Electoral polls assess what is going to happen on election day, and there is no way to escape the changes that may take place before then."

"Boni" is prepared to lay out the equivalent of 25 million cruzados--five times the salary paid to the new house star, Fernanda Torres--for election surveys by the IBOPE and regards those polls as a safe investment. He says: "The institutes are honest. The only difficulty is that sometimes there may be a lack of sensitivity in analyzing the results." The fact is that when the time comes to pass the hat for funds to support a candidacy, politicians would often rather dream about figures they have bought than pay attention to the significance of genuine results. Tancredo Neves, the archetype of Brazilian politicians in recent years, never believed in polls. Not even those predicting that he would be the winner.

Ingredients in the Recipe for Polls

Pre-election polls are like big dinner parties: everybody expresses an opinion about the taste of the meal, but few worry about the ingredients that went into its preparation. Below is the basic recipe for polls.

Sample: The first step in organizing an election poll is to choose the sample to be used by the interviewers. Since no polling institute can expect to interview every voter in a state, it selects a sampling that is intended to reflect the region's actual characteristics. In a state such as Rio de Janeiro, for example, with its 7 million voters, from 1,000 to 3,000 people will be interviewed. To ensure that the sample is representative, the voters to be polled are selected in accordance with the characteristics of Rio de Janeiro's population as far as age, sex, income, and level of education are concerned. If the sample is wrong, the poll will be irremediably ruined. For example, no telephone poll has any value in Brazil, because voters in the poorest classes cannot be reached by telephone. The polling institutes are often accused of using samples that are too small. That argument does not hold up, since a poll of 10,000 people in Rio de Janeiro, despite being nearly 10 times more expensive than one involving only 1,000 people, would be only 2 percent more accurate.

Questionnaire: Unlike what happens in radio polls, which only ask their interviewees whom they intend to vote for, those polled in a pre-election poll conducted by a polling institute answer at least 10 questions before getting into the subject of the election. To begin with, the interviewer must know the name, age, level of education, and family income of the one being polled. He will also ask his subject about the electrical appliances in the home, whether domestic servants are employed, and whether he has a car--all of this to determine the socioeconomic class to which the respondent belongs. All told, a questionnaire of that kind costs about 200 cruzados. Innumerable precautions are taken to prevent distortions. The lists of candidates, for example, are presented in pie-shaped circles, with the name of each candidate being printed in one section of the "pie." This ensures that no candidate's name appears in first place. The questionnaire includes questions whose only purpose is to determine whether the respondent is sticking to answers given previously to similar questions. When the results of pre-election polls are published, it is advisable to pay attention to the type of question underlying the figures. There is a big difference between the answers obtained in response to seemingly similar questions. For example, more voters are undecided when asked whom they will vote for on 15 November than when asked whom they would choose if the election were held today, but candidates like big numbers and prefer polls with few undecided voters.

Field: In their workplace, which is the field of the interview, interviewers try to find voters to fill in their questionnaires who fit into the pattern of the sample. The field is always chosen by lot--generally, a city block constitutes a field for interviews. Most of the institutes instruct their interviewers to use lots to choose the homes they will visit and, within each home, the individual to be interviewed. The procedure at the IBOPE is different: within each field, the pollster must find voters with profiles predetermined by the institute. In the fieldwork, there may be fraud on the part of the pollster or falsified answers by the respondent. In 1982, the VEJA-Gallup poll carried out in Santa Catarina was distorted by falsified answers. According to the Gallup Institute, it was discovered later that voters polled in Santa Catarina firms had concealed their support for the PMDB's candidate for state governor, Jaison Barreto, out of fear of reprisals by their employers, who supported the PDS. Result: the difference in favor of the PDS, which Gallup had estimated at 18 percent in its final pre-election poll (published in VEJA), was only 0.7 percent.

Verification: Polls conducted by telephone, on the street, or at a bus station lack that essential element which consists of verifying the truthfulness of some of the statements collected. That verification is carried out by another employee from the institute, who is sent to the respondent's home to review all the questions. At the IBOPE and at DataFolha (of the newspaper FOLHA DE SAO PAULO), 20 percent of the questionnaires are checked in that way. In DataFolha's case, verification leads to the firing of 1 out of every 100 pollsters at the conclusion of a round of pre-election polls--for fraud.

Cross-checking: After the interviews are completed, the answers to each question are tabulated by computer and grouped in percentages. Cross checking those figures with the personal data on the respondents leads to conclusions enabling the candidate to judge the region, age group, or income group in which his campaign is yielding better or worse results. This means that when data on the general performance of the candidates are published alongside figures saying that one of them has 30 percent of the women's vote or 15 percent of the illiterate vote, all of that was calculated in a single poll. If there is a deviation in sample selection or a shortcoming in the fieldwork, the main result as well as all its cross calculations will reflect that error.

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MINISTERIAL CHANGES NOT CONTINGENT ON NOVEMBER ELECTION RESULTS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Aug 86 p 3

[Article by C.C.]

[Text] Brasilia--There will be no sweeping cabinet changes, much less a whole new cabinet, following the 15 November elections. What President Jose Sarney may do is to make sectorial changes, corrections and alterations. A minister who has been defeated in his native state, after making a broad campaign effort, will always be at risk of failing to get a ministry, but the same fate is possible for someone emerging victorious, or again for a third individual who has ignored the elections. It is clear that the possibility of a change in the structure of the winning forces remains open. It should simply be stressed that there is no "animus reformandi." There will be nothing, for example, like the issuance of a blue slip to Dilson Funaro, Joao Sayad or Almir Pazzianotto by the head of the government because Orestes Quercia failed to win. Nor, in the less likely case of a victory for the PMDB candidate, should we expect the departure of Abreu Sodre of the PFL. If isolated political-electoral reasons do not suffice to upset the cabinet structure, what can be said about other opposing reasons, related to the need for a permanent economic command within a context in which the Cruzado Plan is subject to tremors, but, generally speaking, is working out well?

Let us take Pernambuco. A victory for Miguel Arraes of the PMDB seems probable, or perhaps we should use a stronger term. Will Sarney, on 16 November, replace Marco Maciel of the PFL at the head of the Civilian Household? Not a chance. In Santa Catarina, the PFL candidate is vying for the third seat. Should Jorge Konder Bornhausen begin to clean out his drawers in the education office? Or should Aureliano Chaves do the same, if Newton Cardoso wins a surprising and unexpected victory in Minas Gerais? The situation in Bahia is sui generis. Antonio Carlos Magalhaes, in the communications post, supports Josafa Marinho. Roberto Santos, in the health post, favors Waldir Pires. Would one of them be inevitably doomed? And if Epitacio Cafeteira loses to Joao Castello in Maranhao, how could the departure of Renato Archer be justified, if President Jose Sarney were also to harvest the fruits of defeat? Would he have to resign?

It is worth repeating that ministers are always replaceable ad nutum, and it is possible that the head of the government will take advantage of the electoral results phase to replace one or another of his assistants on the top level, but it will be more for reasons related to efficiency, strategy and his goals than as a product of the results at the polls. An isolated situation could occur. However, this will never involve a full revision of the cabinet, much less would it mean the existence of a new ministry in Brasilia.

The first changes occurred in January, when the candidates resigned their posts to qualify to run for office. Even so, 17 of the 27 ministers remained. They were Almir Pazzianotto in Labor, Dilson Funaro in Finance, Joao Sayad in Planning, Aureliano Chaves in Mines and Energy, Ronaldo Costa Couto in Interior, Aluizio Alves in Public Administration, Nelson Ribeiro in Agrarian Development, Leonidas Pires Goncalves in Army, Henrique Saboya in Navy, Otavio Moreira Lima in Air, Ivan de Souza Mendes in the SNI, Bayma Denys in the Military Household, Jose Maria do Amaral Oliveira in the EMFA, Antonio Carlos Magalhaes in Communications, and Renato Archer in Science and Technology. Marco Maciel and Jose Hugo Castello Branco traded posts, with the minister of education going to the Civilian Household and its head going to the Ministry of Industry and Commerce. And at that time, this was real cabinet reform.

Unless semantics has changed and sectorial alterations here and there could be regarded as a new reform, or worse still, as the appointment of a new cabinet? Then the new meaning of the term would have to cover the replacement of Nelson Ribeiro by Dante de Oliveira in Agrarian Development, or the departure due to military time limits of Jose Maria do Amaral Oliveira from the EMFA.

Things should be viewed in terms of their exact dimensions, and never blown out of proportion. This has been President Jose Sarney's style--to change, whenever necessary, but never in a traumatic way. He altered the cabinet in January, since the facts dictated that he must. Many of his ministers were running as candidates for election, and the law required that they resign provisionally in order to be eligible. It is obvious that he took this opportunity to replace some of those who in the end did not run for office, such as Aluisio Pimenta, then in Culture, Roberto Gusmao in Industry and Commerce. and Flavio Peixoto in Urban Development. He needed to create space in order to consider groups, states and even individuals. No one denies that this formula may be used again before, during and after the electoral test.

The difference between the concepts of Sarney and those of Tancredo Neves on this detail is striking. The late president elect, as he commented shortly before he fell ill, was inclined to reorganize the cabinet extensively after the election. The equation would then have been reversed, since he would have retained few and replaced many--exactly the opposite of the principle his successor plans to follow.

These considerations, taken together with who the key presidential advisor is, will serve to calm many ministers, and to put things back into the proper perspective. Reorganization of the cabinet is not the main concern or goal of President Jose Sarney. However, this would not prevent him, between now and the end of the term, from replacing such ministers as he may wish.

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CSO:3342/182

PCB, PC DO B PARTICIPATION IN SECOND ECHELON OF MONTORO GOVERNMENT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Aug 86 p 12

[Article by Eymar Mascaro]

[Text] The communists affiliated with the PCB and the PC do B who hold posts on the second level in the government of Sao Paulo, in particular, are wavering. Their only chance of continuing in the government after 15 March 1987 depends on whether Orestes Quercia (PMDB) or Antonio Ermirio de Moraes (PTB), one or the other, wins the election. If Deputy Paulo Maluf, the PDS candidate, wins, they will certainly be forced out of power. It is for this reason that both the orthodox communists in the PCB and those in the PC do B have already decided to put one foot in each canoe, supporting both Quercia and Ermirio. Whichever proves to be better able to defeat Maluf will have the massive support of the communists.

Despite the existence of this doubt, candidates Orestes Quercia and Antonio Ermirio have an agreement with the two communist parties to support their cadres in the government. The communists were out of power in Brazil, and in Sao Paulo in particular, for 20 years. They only returned to government after the triumph of Franco Montoro in 1982. Prior to that time, the two groups were forced into clandestinity by the military revolution in 1964. Their members were persecuted, exiled, imprisoned, tortured and banished, but they continued to persist and they helped to elect Montoro in 1982, winning a number of posts on the second level of government in exchange.

Participation

Let us consider each party. For example, the leaders of the PC do B, the dissident faction of the PCB which follows the directions and leadership of the veteran communist Joao Amazonas, never demanded or officially requested participation in Franco Montoro's government, because they said that the unconditional support given the PMDB in the elections did not entail any "deals" as to posts. But the posts came along after the victory, without any compulsion on either side. The PC do B believed it should support Montoro because the PMDB was the party which came closest to the propositions of "freedom and democracy," as one communist put it to O ESTADO.

The space which the PC do B came to occupy in the government was given by Montoro to three parliamentarians who were members of the PMDB. They were Aurelio Peres (federal), Benedito Cintra (state) and alderman Walter Feldman, who broke with the PC do B but remains in the PMDB, because he refused to adopt the official party line. At the beginning of the Montoro government, the PC do B chose the regional administrator of the O parish (in fact, the appointment was approved by Prefect Mario Covas). The choice of the administrator, Luiz Antonio Paulino, resulted from a compromise between Benedito Cintra and the Neighborhood Friends Society in the region. Montoro gave the post to the PC do B (through Covas) because Deputy Cintra belonged to the PMDB and was elected by that region. The other deputy who won leftist votes in that same area, Sergio dos Santos, was a member of the PT, not the PMDB, at that time Two other candidates with good voting support in the region, Sampaio Doria and Rui Codo, did not participate in the arrangement because they were not elected.

Montoro thanked the PC do B for the support received by appointing an individual recommended by Deputy Aurelio Peres for the Campo Limpo regional post. The person chosen, however, was not included in the PC do B cadres, but was an executive in a multinational enterprise and a friend of the deputy. Aurelio Peres is the same deputy who participated in the march from 13 May Square in Santo Amaro to the government headquarters on the day the fence at the Bendeirantes Palace was broken down.

In the state secretariat of education, the PC do B has one of the three main advisory posts, ranking in importance after the chief of staff. One of these was given to a PC do B member. That party placed yet another group of individuals on other levels in that same secretariat, but none of them had decision-making powers. They were more bureaucrats than politicians, and they were there thanks to the agreement reached during the electoral campaign. There is a oddity to be noted in the secretariat of education. A number of leftist militants who are now members of the PT are on the employees' roster. They were put there thanks to former secretary Paulo de Tarso at the beginning of the Montoro government. One of the main advisors to the former secretary was an educator at the UNICAMP, and despite Paulo de Tarso's membership in the PMDB, this advisor openly supported the campaign of the PT in 1982. Instead of supporting Montoro, he supported Lula. However, since the beginning of the Montoro government, the PT has occupied important posts in the secretariat of education, to the point that the former secretary himself could no longer control the strikes which developed in the area. And to the point that Paulo de Tarso himself lost out.

Proof that the participation of the communists in the present government is effective is that the story is repeated in the secretariat of health as well. One of the three main advisors to Secretary Joao Yunes was a PC do B member, and he was appointed by a former prefect of Lins. This same individual was secretary of health in that same municipality in the interior. Today, Joao Yunes no longer benefits from the services and knowledge of this advisor in the health and political sectors, since he has been transferred to the Ministry of Health in Brasilia. Many PT members are also working in the secretariat of health, serving as the points of support for the great labor difficulties in that department. And the physician Davi Capistrano Filho, who is now running for a federal deputy's seat, is employed in that same secretariat. "Davizinho," the son of the late communist leader Davi Capistrano, was a member of the PCB, became involved in disputes, left the party and joined the PT. Capistrano Filho saw the light of day and lived for many years in clandestinity. There is no leftist force the activities of which stand out in the secretariats of transportation and industry and trade.

The communists are pulling for the triumph of Quercia or Ermirio so that they can continue the social work and participation they have achieved in the state government (including the prefecture of Sao Paulo). For example, one of the leading strongholds of the PC do B is the secretariat of agriculture. It was this secretariat which exerted considerable influence on the limited, although reform-oriented, achievement possible for Montoro in the rural sector (above all in connection with providing homesteaders with ownership documents). Now this same part of the secretariat of education is working in close collaboration with the Special Secretariat for Land Related Issues, which is headed by Miguel Kosman, former vice president of ELETROPAULO, who was appointed by Deputy Alberto Goldman, a previous member of the PMDB now affiliated with the PCB.

The other communist party, the PCB, has had more influence in the secretariat of labor. For example, it was the present minister, Almir Pazianotto, who brought Deputy Marcelo Gato to that secretariat from the cadres of the PCB. He is one of the most active parliamentarians both in the Congress and in political work in the Santos Lowlands. Col Erasmo Dias, a known communist-baiter, was said to turn livid with hate at the mere mention of the name of Marcelo Gato, the PCB candidate for a federal seat. The PCB, like the PC do B, is also represented in the secretariat of interior. In that secretariat, the leftist activists support the candidacy of Arnaldo Jardim, who is being sponsored by the PMDB for a state deputy's seat. Jardim has more influence with the PCB. Inflation even on the left occurred in the secretariat of planning at the beginning of the Franco Montoro government. There were there people from the PCB, former militants in Popular Action (AP) and the PC do B, including a former vice prefect of Americana. The curious thing is that former secretary Jose Serra, who was a student leader in his day, also worked in the ranks of the AP. Still more curious is the fact that Montoro did not put any communists to work in the secretariat of finance, either from the PCB, the PC do B or the PT. In the government secretariat, there was only one leftist militant.

Another communist source told O ESTADO that in two state enterprises, the VASP and BANESPA, there are two of his "comrades" serving as directors, one from the cadres of the PC do B and the other from the PT. Both were chosen "democratically" by the system of direct voting by the employees, in which members of the PCB, PC do B, MR-8 and PT participated. There are more PCB members in the secretariat of culture. That party has more intellectual cadres and fewer defenders of the "philosophy of confrontation."

Montoro Guarantees Space for the Left

The participation government of Franco Montoro meant what it said. There are instances in which state administrative sectors needed to replace officials.

Even so, Montoro kept his promise, since the choice is again being made by political leaders.

There were many members of the PT and the PMDB in the secretariat of justice, because the appointment of former secretary Jose Carlos Dias was made by Cardinal Evaristo Arns. Plainly, the PT appointments were made by the church.

In the secretariat of security, there are no communists rendering service. Some, however, are policemen. It is evident, therefore, that the leftists avoided any participation in that secretariat. As soon as the Montoro government took office, there was a problem between the government and the police, following the charge that Deputy Benedito Cintra made against First Commander Newton Vianna, a colonel in the PM, who he said was a Maluf supporter despite his participation in a PMDB government. Whether or not it was a coincidence, Cintra was later to become involved in a police case. It was a military policeman who accused him of engaging in sexual activities with a researcher on the premises of the legislative ssembly, in a notorious and very controversial case.

A third PCB source also told O ESTADO that his party participated to a considerable extent in the decisions adopted in the Santana regional administration, since one of its members was appointed by Deputy Antonio Resk. This deputy, moreover, defends PCB support of Orestes Quercia, but wants the party to review its position and support Antonio Ermirio if this choice appears more likely to defeat Paulo Maluf. According to this same source, the PCB has also appointed technical assistants in the Santo Amaro and Tucuruvi regions. Marcia Campos, who belonged to the MR-8 along with her brother, Claudio Campos, served in the Family and Welfare Secretariat (FEBES). He is a PMDB candidate for the Constituent Assembly and a journalist who was arrested in Rio, where he was for some time the editor of HORA DO POVO. It was in the FEBES, under former secretary Martha Godinho, that the main popular movements, such as that of the slum dwellers, were born. In the secretariat of tourism, the Franco Montoro government cannot rely on any help from the left. In that secretariat too there was a coincidence. The secretary was Caio Pompeo de Toledo, who was from an old-line Sao Paulo family and was regarded as a right-winger. During the Mario Covas administration, the PCB pursued strong and important work in the secretariat of education. The present prefect, Janio Quadros, is now negotiating an agreement with communist alderman Luis Tenorio de Lima (Tenorinho), whereby the PCB will appoint the regional administrator for Pirituba. In the electoral campaign phase, Janio Quadros tried to reach agreements with the PCB and the PC do B, a fourth communist source informed O ESTADO.

On the day the railings at the Bandeirantes Palace were broken down, and while Montoro and two other governors, Leonel Brizola (PDT) and Tancredo Neves (PMDB), were inside the government premises, the communists exerted pressure on Franco Montoro to develop labor fronts. The governor agreed with their proposal, but over the 3 and a half years of his term in office, no such fronts, thus designated, were created. Posts were, however, made available to unemployed persons, that same source assured us.

Another thing--it was the communists who demanded of Montoro that he not abandon the candidacy of Orestes Quercia, in part as a sign of gratitude. In the difficult period, when the communists were being persecuted or were the main targets of the "witch hunts" it was Quercia who opened the doors of the MDB and the PMDB to them. The PC do B continues to stand firm with Quercia, but the PCB led by Giocondo Dias, who is also loyal to Quercia, might move in the direction of Antonio Ermirio. It is for this reason that they are keeping one foot in each canoe.

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CSO:3342/182

BRAZIL

SAYAD, FUNARO RELATIONSHIP SAID TO BE ON 'COLLISION COURSE'

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Aug 86 p 6

[Text] Brasilia--The relationship between Minister of Finance Dilson Funaro and Minister of Planning Joao Sayad has in fact been shaken up. This was admitted by a reliable source at the Planalto Palace yesterday, in answer to a question about indications that the two key ministers in the economic area have practically broken off contact.

It was being said in Brasilia that Funaro and Sayad might be in the final segment of a 'collision course,' said to have begun about a month ago. This situation would be the same as that experienced a year ago by Francisco Dornelles, who was then minister of finance and Minister Sayad, from which the planning minister emerged victorious.

As was the case at the Planalto Palace. Funaro's advisors at the Ministry of Finance did not deny the differences between their boss and Sayad. But they say that in fact, harmony only existed under the old republic. The relationship between former ministers Delfim Netto and Ernane Galveas (Planning and Finance), the present advisors comment ironically, served as an example. "One gave the orders and the other obeyed." Now, however, Funaro's aides say differences may develop. The ministers disagree on the level of ideas. "These are academic clashes," they emphasize. Moreover, they do not see any indication of a break in this, or of the withdrawal of either of the two ministers.

Even so, the dispute over the administration of the National Development Fund which will have resources from the compulsory tax on gasoline, vehicles and alcohol, a dispute being waged between Planning and Finance, may lead to a dismissal by President Sarney himself of someone on the government's economi team. But such a dismissal will not involve Minister Dilson Funaro who, apar from his personal friendship with the president, has high popular prestige his favor, according to the interpretation of another government source.

The existing threat that inflation might again reach the 4 percent per month level by September, which has been noted, could lead to the dismissal of Minister Joao Sayad, who remained in the post after the cabinet changes in March thanks to the intervention of the minister of finance himself with the president of the republic, this sources added.

A government source says that "the country succeeded in eliminating creeping inflation with the end of monetary correction and the creation of psychological conditions working against its further development. In other words, the Economic Stabilization Program came into play here, but as a "marketing" plan. But it was not possible to eliminate real inflation, in which the components are monetary policy and the public deficit. Therefore the president needs to eliminate someone on the economic team."

The president of the Chamber and the PMDB, Deputy Ulysses Guimaraes, gave assurance yesterday that he has had no personal contact with Ministers Funaro and Sayad in more than 15 days. He said that he therefore does not know of any disagreement between the two. Even so, he voiced an opinion. "I do not believe it. If there were a problem dividing them, fine, but no such problem exists."

Officially, the Planalto Palace is seeking to minimize the matter. "If there is tension in the relations between the two ministers, it has not reached the Planalto Place," spokesman Fernando Cesar Mesquita said. According to him, Sarney has never had to settle disagreements between Funaro and Sayad.

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CSO:3342/179

BRAZIL

ECONOMIC VIEWS OF FINANCE, PLANNING MINISTRY 'GOLDEN BOYS'

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Aug 86 p 13

[Text] When Dilson Funaro and Joao Sayad took over the leading government economic ministries, it was not merely a changing of the guard involving the czars of economics, who in theory defended the free market but in practice supported the expansion of the existing bureaucracy. Under the Sarney government, the USP and FGB have lost their hegemony and have been replaced by the UNICAMP and the PUC in Rio. But there was more to it than this. The "orthodox" economists, such as Delfim Netto, Affonso Pastore and Mario Simonsen, went over to the opposition, leaving power with the "heterodox" faction, including Joao Sayad himself, all of them being disciples of the emotional Portuguese Maria da Conceicao Tavares, who wept before the legislature in defending the cruzado.

The heterodox economists are not communists in the full sense of the word. They regard themselves as leftists and some claim to be socialists, but they do not defend the overplanned systems pursued in the countries in the Soviet bloc. They are young men between 30 and 40 and they all drink from the same fountain--the Economic Commission for Latin America (ECLA), which, consistent with the precepts of the theory of John Maynard Keynes, assigned an important role to the state in the development of the poor (so-called "peripheral") countries, challenging the classic trade schemes of the capital world. O ESTADO DE SAO PAULO, by means of this article by Helival Rios (Brasilia), Eduardo Ulup (Rio) and Eduardo Matos (Campinas), with a final text by Jose Neumanne Pinto, proposes to show what these young economists think.

Apparently they are ordinary men. One is a fanatical supporter of Palmeiras, another complains about the poor quality of the food service in the public department for which he works, a third insists that he is a militant in the PMDB because it is the only "possible" party, given the Brazilian reality. In fact, they make a strong group, even a powerful one, with more effect on the ordinary citizen than a state bench of deputies in the Chamber, for a certainty. They are the "golden boys" of the New Republic. They did the accounts for the Cruzado Plan, drafted the income tax tables, and it is they who decide whether money will go to improve the telephone equipment in Santa Catarina or for irrigation in Piaui.

In a country like Brazil, where the states can do anything and the citizen has to be very careful in order to survive, the economists on the second level in the Ministries of Finance and Planning in Brasilia today have greater powers of decision concerning the economy than any businessman, although the constitution says that Brazil is a capitalist country subject to the rules of free discussion. Therefore it is important to know what nest produced these golden boys, what they think and how they live. The impassioned Palmeiras fan, Luiz Gonzaga Belluzzo, who reads Jorge Luis Borges and adores John Maynard Keynes, says, to the surprise of many, that he opposes state control of the economy.

Tall, heavy, irreverent, open, and almost vulgar, the "right arm" of Dilson Funaro at the Ministry of Finance, Joao Manuel Cardoso de Melo, is a fierce critic of the economic policy of the "orthodox" economists who dominated the economic ministries during the military regime. The developmental model oriented toward foreign trade, in his view, aggravated the degree to which the Brazilian economy was dependent, leaving it very vulnerable to the vicissitudes of the world economy. The enthusiasm with which he devours sandwiches, which constitute his lunch at the Ministry of Finance, also characterizes his denial that the development of the capitalist market depends on the wage volume.

"In my view, Marxism, even if it was the fashion at a certain time, does not take the problems of Brazilian development into account." That is not a statement by Eugenio Gudin, Octavio Gouvea de Bulhoes or even Roberto Campos, the three fathers of the "orthodox" family of Brazilian economists. This statement was made by Carlos Lessa, one of the oldest members of this generation, at 50, but also one of those who has the least power among the "golden boys" of the New Republic. He is merely the director of the FINSOCIAL at the National Economic and Social Development Bank (BNDES). Active in the PMDB, because this is the "possible party," given the Brazilian reality, he sees the economy as "the support of the discussion of the social issue and history," as his old University of Brazil professor, Tales Ramalho, taught.

But in the 1950s, the "orthodox" school was still in charge of the Brazilian economy. And from then until now, Carlos Lessa and his "heterodox colleagues" had nothing to say about the fate of the economy, and they could talk as much as they liked about the poor results of the monetarist policy adopted by Ernane Golveas, Mario Henrique Simonsen, Delfim Netto, Carlos Langoni and Affonso Celso Pastore, the majority of them trained in the more classic schools at the USP in Sao Paulo and the Getulio Vargas Foundation in Rio.

It was biologist Zeferino Vaz who unwittingly converted this opposition into a group. The founder of the Campinas State University went in search of the nucleus of the group in the office of the ECLA, which ceased to exist in 1967, when he hired economists Ferdinando Figueiredo and Wilson Cano and brought them to the campus in Barao Geraldo. Celso Furtado, the inland native from Pombal, Paraiba, who was teaching classes at the Sorbonne after sharing power in the developmental era of JK, and Maria da Conceicao Tavares, the superb fado singer, a naturalized Brazilian, became the patron saints of a group of professors who came from the ranks of Popular Action (AP). A product of the Catholic University Youth (JUC), it eventually opted for armed struggle.

The AP produced Paulo Renato Costa Souza, who is now the rector of the UNICAMP, and Jose Serra, also formerly of the ECLA, and the man mainly responsible for drafting the economic program of the candidate Tancredo Neves. The PMDB candidate for the governorship of Rio, Wellington Moreira Franco, also left the AP, opting for democracy. The young men who left the AP but did not become embroiled in the armed struggle project developed a shared economic theory and became the redoubt of non-Marxist leftist thinking, consistently opposing the government and the monitorist policies of the "orthodox" economists.

"But we did not limit ourselves to the ECLA view concerning the stagnation of Latin America, which was challenged in practice by Brazilian development. It was necessary to understand growth as the product of the logic of capitalist expansion," Carlos Lessa explains. He defines the group as "very irreverent when it came to any ideological trend." It was for this reason that they turned back to the classic theorists and became enthused about Keynes, the British economist who came into fashion and defended state intervention in the economy to a much greater degree than had been foreseen by the defenders of laissez-faire economics (which can be translated as "general liberation"), but to a more limited degree than the Marxists urged, particularly after the Stalinist revision.

The absolute muse of the heterodox faction was Maria de Conceicao Tavares, a Portuguese lady of 55 who revived an outmoded style when she wept in support of the Cruzado Plan, via satellite. She has a very complicated approach to state intervention, which is literally the following. "As the domestic agent of the system of domination, the state would have to be viewed as a political and economic agent of national cohesion and, once the political nature of the class alliance which gives it form has been explained, its greater or lesser relative autonomy in its links with the international system should be studied. Situations like that at present, with the relative fluidity of international relations, provides the national states with greater maneuvering room for pursuingg their dependent relations with completely different historic directions and political orientations."

The thin and ascetic Luiz Gonzaga Belluzzo, a true conservative, a member of society and a rather rich source for economic journalists, has managed to explain why it is a serious error to presume that a higher level of state intervention in the economy leads to the process of socializing wealth. According to the head of the economic advisory team at the Ministry of Treasury, exactly the opposite happens. The greater the degree of state control in capitalist economies, the more limited the possibilities of achieving an improvement in the quality of life for the people become.

The main example which Belluzzo uses as the much-praised youngest member (he is 43) of the little club of golden boys of the New Republic is precisely this republic here, Brazil. Obviously, it is not the messianic Brazil of Sarney-Funaro-Sayad, but the Brazil "of the past 20 years," the ideal expression for summing up the reign of monetarism in the old days of repression. Here, the golden boy of the UNICAMP argues, the extent of state intervention increased enormously while a significant deterioration was seen in the income distribution indices. On the other hand, in the Scandinavian countries, where the degree of state intervention was substantially reduced, this process was accompanied by a significant improvement in the standard of living of the people. It would be hard to find as brilliant an argument against state intervention, were it not for the compilation of studies by the newest geniuses of the "orthodox" school (the opposing faction, whose patron saint is Gudin), including Paulo Rabelo de Castro of the FGV in Rio and Jose Tiacci Kirsten of the USP in Sao Paulo. "These two examples may not prove that the greater the degree of private ownership in a capitalist society, the better the quality of life," Belluzzo counterattacks. But, by way of compensation, he concludes: "They certainly do prove that there is no relation between increased state control and improvement in the quality of life."

Civilian society will be relieved to learn that the most ardent defender of "Keynesian" state intervention in the economy is a fierce critic of the policy of state control over which Delfim Netto presided in practice. Belluzzo says, and the facts seem to confirm, that the former minister of finance (Medici government) and planning (Figueiredo government), although his rhetoric favored private business, functioned as an enthusiast of state control. "And in this connection, his economic policy was always entirely unrelated to any concern with the social aspect," the critic of the monetarist policy says in completing his argument ("The old quantitative theory of money does not work today"). He gives a justification for his reasoning--with a modern economy, the state no longer fits within this 19th century concept. He believes that the state has lost its "purity," its intermediary role, and has become ever increasingly identified with the elite groups.

"If you cut off the incentives provided to industry by the government in a country like Brazil, this has extensive repercussions. The business leaders will telephone the minister that same day and will pay visits to the offices in Brasilia. The pressure which the elite can exert on the government is very great, and the government may have to reverse its decision. Moreover, if the government cuts off milk allocations to the peripheral urban neighborhoods, it is probable that nothing will happen. Very often the individual who has lost a benefit does not have the money to take the bus in order to protest in front of the ministry." According to Belluzzo, the state, with an economy like that in Brazil, is oligarchic, and the effect individuals can have on the government is directly proportional to their income levels.

A quiet man who reads poetry and Rubem Fonseca, Joao Manuel Cardoso de Melo, or "Mane," as he is called by his colleague in economic studies (Belluzzo), who is in the middle generation of the "golden boys" at 47, admits that the Brazilian economy has recently been allowed to open up more, and that exports play an important role in this expansion. But the comrade who shares a bachelor apartment (his family lives in Sao Paulo, and he continues to detest Brasilia) with Luiz Gonzaga Belluzzo does not see the foreign sector as the dominant element in the "Brazilian equation," just as he does not agree with those who believe that capitalism would not have prospered in Brazil if wages had not been so low. He accuses these people of an ailment called "economic romanticism," and he justifies his fame as a "pragmatist who is profoundly analytical, has a sharp critical sense and is basically dedicated to his work."

In the complicated theories of the golden boys of the New Republic and their muse, Maria da Conceicao Tavares, there are the seeds of an approach different from that which has traditionally been adopted toward the economy in Brazil. The long march of the "orthodox" school of thought, begun by Adam Smith in the 18th century and pursued by Milton Friedman, the creator of the "Chicago school," has been interrupted in Brazil, without our even experiencing any real political and economic liberalism. In an economy which is in practice dominated by the plan-oriented centralism of a voracious and inefficient state, the theory of Alexis de Tocqueville is merely a dream. When "orthodox" rhetoric urged an attack on economic initiative by the state bureaucracy, the country could not, because it was subject to a strong political regime, charge authoritarianism. In the development of a political democracy, the country must understand as clearly as possible how much practicality there is in the new dominant rhetoric, that of "heterodox" theory, whose root is John Maynard Keynes and whose trunk is the man in charge of the ECLA, Raul Prebisch.

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CSO:3342/182

CONTINUING DECLINE IN TRADE SURPLUS JEOPARDIZES YEAR-END GOAL

Government Concerned

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Aug 86 p 34

[Text] Brasilia--For the fourth consecutive month, the trade balance surplus has been dropping, both in terms of monthly and annual levels, as a result of the decline in exports of several major items, including basic products and mainly due to the increase in imports, above all due to food purchase pressures. This fact is causing the government concern and is putting the goal of a trade surplus of $12.8 billion this year at risk. This has been one of the trumps available to the economic administration for negotiating the refinancing of the foreign debt with the bankers on a multiannual basis, beginning next month.

In terms of monthly levels, the record surplus of $1.286 billion in April dropped to $1.253 billion in May, to $1.084 billion in June and $1.013 billion last month. In a document on economic performance this year sent to the creditor bankers last May, the government estimated a trade surplus of $1.2 billion for June and $1.78 billion for July, figures which were not reached.

In the past 12 months, the surplus of $13.354 billion in April, also a record, dropped to $13.283 billion in May, $13.198 billion in June, and, finally, $12.971 billion in July. If the decline continues at the same rate, the estimate of $12.8 billion for the entire period may be affected by August.

Balance of the Year

According to the official projections, exports this month should bring in $2.31 billion, with an import figure of $1.147 billion, yielding a positive balance of $1.156 billion. In the months of September, October, November and December, exports are supposed to average $2.25 billion, with imports averaging $1.2 billion, yielding a trade balance of about $1.06 billion, in order to maintain the estimated balance of $12.8 billion resulting from $26 billion as the export total and $13.3 for imports.

The achievement of these results, however, is problematical, because it will depend basically on a significant reduction in imports. This seems improbable not only because of the need to continue to import foodstuffs, above all milk and meat, but also because of the need for freer imports of machinery and equipment, essential to the productive capacity, if the industrial sector, which for all practical purposes no longer functions with idle capacity, is to expand.

In the period between August and December, exports are supposed to total $11.308 billion, imports $5.915 billion and the trade balance $5.393 billion. It is the intention of the government to use all of the margin achieved through the reduction in oil purchases for imports of food, machinery and equipment, but this advantage will only exist if prices continue to decline on the international market.

Following the OPEC decision 2 weeks ago to limit daily production to the 1984 level, totaling less than 5 million barrels per day, the price of oil has increased about 30 percent, and is tending to stabilize at about $15 per barrel on the spot contract market, as compared to the price of up to $10 per barrel prevailing before the decision of the oil cartel.

But there are also problems with exports, which have developed more slowly than the authorities foresaw. The figure of $2.231 billion in May increased to $2.267 billion in June and $2.304 billion in July, as a result of certain factors, including the decline in exports of basic products, coffee in particular. In comparison to July of last year, exports of basic products showed a decline of about 20 percent. Apart from coffee, iron ore and cacao also performed less well in January-July of this year than during the same period last year.

CACEX Forecast

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Aug 86 p 25

[Text] The concentration of deliveries of imported foodstuffs in the month of August, September and October is expected to reduce the average for the trade balance surpluses. In July, this trend was already evident, with a surplus of $1.13 billion, slightly higher than the monthly average for the first 7 months of the year, although the second best result of the year for exports was seen in July, with a total of $2.29 billion.

Roberto Fendt Junior, director of the Foreign Trade Department of the Bank of Brazil (CACEX) said yesterday at the annual luncheon of the Million Dollar Exporters' Club that despite the imports of foodstuffs, Brazil will continue to have monthly surpluses in excess of $1 billion until the end of the year. He denied reports that the government is studying the possibility of a minor devaluation of the cruzado to encourage exports.

"When exchange parity was established at the end of February a considerable margin remained for dealing with certain increases in production costs without compromising the competitive capacity of Brazilian products," Fendt said. In the first 7 months of the year, exports of manufactured goods, excluding oil products, increased 22 percent, to a total of $7.43 billion. According to the director of the CACEX, this shows that no review of exchange parity is necessary.

The decline in the international price of oil and the increase in domestic production provided the country with savings of $1.28 billion in the first 7 months of the year. Where wheat was concerned, the savings were $274 million. These figures suffice to cover the imports of foodstuffs, estimated at $800,000 to $1 billion, as well as machines and equipment.

Award Winners

The Million Dollar Exporters' Club, made up of businesses affiliated with the American Chamber of Commerce for Brazil, accounted for 31.1 percent of Brazil's exports, in the amount of $7.9 billion, in 1985.

The leading exporters in the club in 1985 were PETROBRAS Trade International-INTERBRAS ($2.59 billion), Ford Industry and Trade ($509.03 million), Volkswagen of Brazil ($355.04 million), Cargo Agricola ($304.86 million), Tristao Foreign Trade Co ($243.56 million), General Motors of Brazil ($239.8 million), Intercontinental Coffee ($233.16 million), Sanbra Cotton Company of the Northeast ($209.27 million) and United Brazilian Mining ($206.5 million).

January-July Trade Balance
(in millions of dollars)

Product	1986	1985	Difference
	Exports		
Coffee	1.558	1.619	(-61)
Oil Products	499	1.160	(-661)
Other	12.434	10.960	1.474
Total	14.491	13.739	759
	Imports		
Oil	1.714	2.999	(-1.285)
Wheat	122	396	(-274)
Other	5.487	3.661	1.826
Total	7.323	7.056	267

Trade Balance Total

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Aug 86 p 26

[Text] Vitoria--Roberto Fendt Junior, general director of the Foreign Trade Department of the Bank of Brazil (CACEX), announced the official figures for the Brazilian trade balance for July in Vitoria yesterday. He said that "although coffee exports were down 50.28 percent, the lowest figure for the month of July since 1976, with a figure of 65.33 percent for oil products, the Brazilian export list for July of 1986 showed an increase of 1.1 percent over that month last year, and 10.39 percent in comparison with the figure for last June. Our sales totaled $2.209 billion, the second highest monthly value for this year."

With the July results, the foreign exchange income from Brazilian exports reached $14.491 billion, cumulative for the first 7 months of 1986, with a monthly average of $2.07 billion, exceeding the $13.739 billion figures "for the same period in 1985" by $752 million (5.47 percent).

With a surplus of about $1.013 billion for the month of July, the trade balance at the end of the first 7 months of the year, again according to the director of the CACEX, "reached unprecedented figures for the period. The total was $7.168 million, exceeding the figure for the same period in 1984, which came to $7.148 million." The trade surplus for the period January-July 1985 came to $6.683 billion. The cumulative Brazilian surplus for the recent months was $12.971 billion.

Brazilian imports for July of 1986 were up 24.97 percent over the figure for July of last year. Purchases reached the second highest monthly value for this year. Foreign exchange expenditures on other products, according to Fendt, "were up 81.98 percent over July of 1985." The CACEX director also revealed that "due to the decline in oil prices on the international market and the steady increase in domestic production, Brazil achieved savings of $1.285 million in the first 7 months of this year on the purchase of products. This represents a decline of 42.85 percent from the figure for the same period in 1985."

Reserves Down, Foreign Debt Up

Foreign Indebtedness of Brazil
(in millions of dollars)

	Total	%	Total	%
1.0 Long-term debt (registered)	91,091	89.3	95,857	91.2
1.1 IMF loans	3,967	3.9	4,608	4.4
1.2 Bonuses	1,737	1.7	1,919	1.8
1.3 Financing of imports	18,379	18.0	22,630	21.5
1.3.1 International bodies	5,714	5.6	7,411	7.0
1.3.2 Government agencies	6,173	6.0	7,792	7.4
1.3.3 Other supplier credit	6,492	6.4	7,427	7.1
1.4 Loans in currency	66,467	65.2	66,195	63.0
1.4.1 Resolution No 63	13,630	13.4	11,379	10.8
1.4.2 Law No 4131 and Instruction No 289	52,837	51.8	54,816	52.2
1.5 Miscellaneous loans	541	0.5	505	0.5
A Debt registered with banks	68,111	74.8	67,554	70.5
B Nonbank debt	22,980	25.2	28,303	29.5
Nonregistered debt	10,948	10.7	9,268	8.8
2.1 Credit lines for oil imports	3,309	3.2	2,880	2.7
2.2 Other credit lines	370	0.4	148	0.2
2.3 Commercial banks	6,869	6.7	6,006	5.7
2.4 Miscellaneous debts (net)	100	0.1	100	0.1
2.5 Club of Paris in transit and others	300	0.3	134	0.1
3 Total debt (1+2)	102,039	100.0	105,125	100.0

Brasilia--The Brazilian foreign debt reached $105.1 billion at the end of December 1985, 3 percent higher than the total figure a year earlier, while the international reserves of the country (in currency and gold) declined from $10.07 billion in December of 1985 to $410.5 million last March. This information was provided by the "Monthly Report" for June released yesterday by the Central Bank. The increase in the country's indebtedness has developed despite the annual payments made in quantities ranging from $10 to $12 billion in interest and amortization.

According to the Central Bank, the increase was a function of the international devaluation of the U.S. dollar, in this case, which had a significant effect on the debt equivalent in U.S. currency of credit contracted in other currencies, accounting for about 25 percent of the long-term debt as of 31 December last year.

Again according to the Central Bank, the debt to international bodies, including the IMF, contracted by the country, reached $12 billionin 1985, representing 11.4 percent (as compared to 9.5 percent in 1984) of the debt total. The greater importance of the resources obtained from these bodies, mainly the World Bank, has developed to the detriment of the relative importance of loans from commercial banks. Again according to the Central Bank, the importance of direct credit from international private bankers as compared to the long-term foreign debt dropped to 70.5 percent in 1985 ($67.6 billion) from 74.8 percent in 1984.

Export Financing

Rio de Janeiro O GLOBO in Portuguese 21 Aug 86 p 23

[Text] The CACEX and the Central Bank are considering issuing export notes, which would be long-term documents for financing the production of enterprises which sell on the foreign market. A study commission has been appointed to analyze the rates of collection and investment and the technical clauses for the regulation of the placement of these notes on the market, the director the CACEX, Robert Fendt, announced yesterday.

The studies are to be completed shortly and by the end of September, the issuance of export notes will have been analyzed by the National Monetary Council (CMN). This measure was proposed by the Brazilian Commercial Export Enterprise Association (ABECE) and the Brazilian Exporters Association (ABE) to Minister of Finance Dilson Funaro. The president of the ABECE, Eduardo Paulo Ribeiro, says that prefinancing for the production of exports currently involves interest of 30 percent per year, "which is madness."

What the exporters propose is that the rate vary according to the LIBOR, the reference interest rate used in London. Fendt termed the proposal a "welcome" one, but noted that there are resources available for production totaling $15 billion (207.6 billion cruzados) for the manufactured goods sector.

Fendt further announced that by the end of the month, a regulation will have been issued on the system of rebating the compulsory fees charged on travel by businessmen involved in exports. The decision has been delayed because of the complexity of the studies required to establish mechanisms which will not discredit this single exception.

CACEX Direct Roberto Fendt admitted yesterday that there are problems in supplying manufactured goods for export, due to the fact that "the small and medium enterprises do not understand that international trade is based on regular deliveries, and they prefer an increase in domestic demand." He gave assurance that this movement toward the domestic market is not causing any problems with regard to the country's trade balance, "so that we will achieve the goal of $12 billion (166.01 billion cruzados) by the end of the year."

Fendt, who was presented with a bronze plaque for his work in the CACEX by the National Association of Foreign Trade Operators (ANTRADE) at the third Brazilian session of this professional group, said that the problems are limited to these enterprises.

"The leading businessmen must become aware that their role pertains to both markets, and they will therefore invest in production capacity," Fendt said.

The president of the ANTRADE, Ivan Lasaro, predicted that exports this year will show a 3 percent decline. Lasaro said that the export professionals are not finding textile products, consumer goods and metallurgical products to sell. He defended the exemption from payment of 0.75 percent on trading invoices for the Social Integration Program (PIS).

Fendt did not show the same concern as Lasaro, and he gave assurance that the monthly trade surpluses will remain based on $1 billion (13.84 billion cruzados). From January to July of this year, the surplus reached $7.2 billion (99.648 billion cruzados). Fendt further revealed that the resources obtained from the margin in the balance caused by the drop in the price of oil and wheat in the international market total $1.6 billion (22.144 billion cruzados) and will be used for imports of capital goods and component parts.

Declining Surplus Explained

The drop in trade surpluses in the months of June and July cannot be regarded as a trend, since it reflected the paralysis of export transactions in March and April resulting from the uncertainty about the developments of the dollar rate. The contracts which were to be signed in March and April would have been implemented in June and July. Therefore the drop in the surplus figure from $1.3 billion (17.992 billion cruzados) in May to $1 billion (13.84 billion cruzados) does not represent a downward trend in the trade balance for the year.

This explanation was provided by the president of the ABECE, Eduardo Paulo Ribeiro, yesterday. He added that the surplus for the third quarter of the year will be equal to or slightly more than the figure for the comparable period in 1985.

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BRIEFS

DEVELOPMENT OF NEW AIRCRAFT--Sao Jose dos Campos--The general staff of the air force began discussions with the directors of the EMBRAER yesterday on the development of new aircraft needed to equip the Brazilian Air Force (FAB). In the coming weeks, the first reports setting forth the specifications for these products should reach this company. A version of the Tucano military turboprop trainer powered by 1,100 horsepower Garret engines, similar to the airplane with which the British Royal Air Force (RAF) is equipped, and a new electronic version of the Bandeirante maritime patrol plane are needed. This matter, as well as the manufacture of the AMX tactical pursuit plane in Brazil and the launching of the new Brazilian aircraft, the EMB-123, were the main topics discussed yesterday during the visit paid to the EMBRAER by the air force chief of staff Brigadier General Paulo Roberto Camarinha, accompanied by all of the deputy chiefs of staff. There are reports, as yet unconfirmed, that these planes will also be supplied to the frontier garrisons of the FAB, particularly in the northern and western regions of the country. This would be in view of the entry of guerrilla groups from Colombia and Peru into Brazilian territory, since these planes are suitable for observation and location missions and combating groups of guerrilla fighters. [Text] [Rio de Janeiro O GLOBO in Portuguese 19 Aug 86 p 23] 5157

STEEL IMPORTS AUTHORIZED--Brasilia--In order to meet the raw materials needs of industries under pressure because of increasing demand, the government has authorized the import of 500,000 tons of steel. Of this total, 100,000 tons will be cold-rolled steel, 100,000 tons hot-rolled steel, 50,000 tons sheets of [fladres] and 250,000 tons steel plate. This information was provided by the executive secretary of the National Nonferrous Metals and Steel Council (CONSIDER) of the Ministry of Industry and Commerce, William Cantal. In his view, the import of steel by a country which has traditionally been an exporter is a "natural development." He believes that there may be a need to import more steel next year, "if consumption continues at the current level." And he stressed that this shows that Brazil is crossing the "threshold, into the group of developed countries, where international trade has two sides. The import of this volume of goods will be exempt from payment of the IOF and the tax on imports. Cantal said that the same exemption was provided to the private sector for the import of 20,000 tons of zinc, 60,000 tons of copper, 2,000 tons of magnesium and also lead, for which the CONSIDER does not yet have the authorized import volume. Where zinc is concerned, each ton imported costs about $250 more than that produced in this country. [Text] [Rio de Janeiro O GLOBO in Portuguese 20 Aug 86 p 25] 5157

CSO:3342/179

CHILE

PINOCHET STANDS BY 1989 ELECTION PLANS DESPITE UNCERTAINTY

Santiago HOY in Spanish 4-10 Aug pp 6-8

[Article by Ascanio Cavallo]

[Text] Since gentlemanly expressions of gratitude are in vogue, one was expected on Wednesday the 30th. President Pinochet was to speak to 3,000 women volunteers at the Diego Portales building. And such an expression was forthcoming, regarding violence:

"I can take no more measures," Pinochet said, "because I am inhibited by international problems, because the slander by the politicians on the outside is enormous."

More measures? A state of siege? The jailing of opposition leaders, some 20 of whom have been in prison for 3 weeks now? The use of the Armed Forces to crack down on street demonstrations? Fierce repression of the people responsible for the incidents that have disturbed the peace? Demands that the courts severely punish political crimes? Severity in the government's performance of its political responsibility?

He did not clarify. However, for the first time in his almost 13-year regime he admitted the following: his ability to govern the country (to take measures) is in check, and he is experiencing a time of uncertainty and immobility.

It is a fact that Pinochet was hoping, as he told the press 2 weeks ago, that his audience would break into shouts of "a heavy hand." It is also a fact that he is hoping for this over the next few days.

For the time being he is mired in a serious predicament. The premature announcement of his 1989 candidacy in Concepcion (HOY No 469) had to be downgraded slightly to the launching of the government's campaign to win the plebiscite, no matter who the candidate may be. His predicament is to find out what he has to do to take a big enough lead in the race, which he kicked off abruptly with 3 years lead time, and make his nomination irreversible.

Carrots and Sticks

The speech on Wednesday the 30th highlighted the government's difficult position and even temporarily suspended certain internal tactical moves.

Early last week it seemed as though Pinochet, opting for a blatantly vote-getting strategy, would make some changes in his cabinet to end the current "administrative" stage and take the offensive.

The Army Officers Classification Board, which began meeting on Monday, took it for granted that a major general who formerly held positions connected with civilian activities would occupy a key cabinet post. The move was apparently put on ice for a few days.

A few days, or a few weeks, depending on how long the regime takes to weigh the true scope of the statements that the U.S. assistant secretary of state for inter-American affairs, Elliot Abrams, made on the 30th, statements that triggered all of the alarms in La Moneda.

Abrams said aloud what other Reagen administration officials had told the government in private: October is the deadline. Abrams used different words, of course: "Apparently our decisions on the vote (for fresh IDB and World Bank loans) will largely depend on how we view the human rights situation in Chile."

The decisions on the loans will come in September and October. The Foreign Ministry's preliminary analysis is that Abrams was alluding less to specific human rights cases than to a general climate of "openness" or "progress in the transition."

Abrams himself hinted that that is the real meaning of his words, saying that "we have few carrots and sticks available" and that "a flexible policy must be pursued" to "encourage change."

A Sort of "Raid"

It was the fact that the threat came from an administration official close to Reagan, not from Congress, that caused the most alarm in La Moneda. It is common knowledge in the government (though no one dares broach the subject with Pinochet) that it was the announcement of the 1989 campaign that had the most devastating effect on relations with the United States.

In spite of everything, the campaign is still under way.

One of the main centers for strategy is, as of now, the General Secretariat of Government. Although the minister in charge, Francisco Javier Cuadra, has been hesitant to so acknowledge publicly, the changes in the Directorate of Civilian Organizations clearly reveal the underlying purpose.

The personnel changes in all of the secretariats (DINACOS [National Social Communication Division], Youth, Women, Cultural Relations and Trade Unions) have meant the forced removal of the UDI from a major sphere of power.

In some of these secretariats (Youth, for example, where Ignacio Fernandez departed after several attempts to hold on to the post) the silent battle for control reached unprecedented heights and literally represented a "raid" on the UDI. Indications are that Pinochet himself ordered the operation (some link it to his reference to "an eye for an eye" 2 weeks ago), although he was also careful to protect his friendship with UDI by appointing new mayors and extending luncheon invitations.

He based his moves on the conviction that a team of people with close ties to nationalism and conservative Catholicism would be more loyal to and hardworking for him with an eye towards 1989.

Demonstration

His instructions have been precise: the secretariats will, with the help of the women volunteers, muster backing and organize a demonstration of support for Pinochet.

Discreet meetings began last week with some heads of public services to insure a large turnout for the rally that will be held on 10 September. Some mayors were summoned for the same purpose, after the General Secretariat of Government made a preliminary selection based on the survey handed out to councilmen at the meeting 2 weeks ago.

Concurrently, preparations for a publicity campaign for the regime are under way. The information available indicates that the campaign's guidelines have been drafted by the director of TVN, Manfredo Mayol, and call for two phases. The first would seek to emphasize the government's accomplishments, and the second would highlight Pinochet's image as the vital leader of the process.

All in all, much of the current effort centers on the mass demonstration on the 10th. Logistics (transportation, scheduling, permits) and security (riot troops to quell hostilities) have been offered to the most important services in Santiago.

What is the purpose of the demonstration? Not to win over the opposition, of course. Not to win over world public opinion either, although it could help somewhat to improve the untenable position of our ambassadors. There is only one audience left: the Armed Forces.

More precisely, the Government Junta and certain army officers who seem to share the junta's apprehensions.

We are talking specifically about the segment that has received the most urgent messages from the United States, the people who heard them from the lips of Abrams' assistant, Robert Gelbard, including a small group of army generals who spoke with the U.S. official.

List of Voters and Parties

Adm Jose Toribio Merino conveyed the junta's ideas to the palace on Monday the 29th. Employing his gravest tone of voice, he cautioned that in his judgment a "change of climate" is possible only if the political laws are enacted, adding that within this framework the Voter Registration Law must be issued before the chief executive planned and that the impasse over the Political Parties Law must be broken as soon as possible. A few months ago Pinochet had promised the junta that the latter law would be enacted in March 1987, but Merino felt that that would be an unnecessary delay.

Merino's harsh stand had the backing of the other members of the junta and, above all, of his own branch, as confirmed during the most recent Naval Council meeting. Pinochet knew this (a friend who is among the five most senior officers in the navy is wont to tell him such things) and perhaps for this reason did not raise too many objections.

Furthermore, the situation has changed. Some ranking officers are now convinced that the stumbling block to enactment of the Political Parties Law, the president's demand for 150,000 signatures, was merely a delaying tactic. The Chilean Air Force (as Gen Fernando Matthei admitted in Punta Arenas) is determined to see the law issued, and issued properly.

In the case of voter registration, it was the minister of justice, Hugo Rosende, who prompted a different debate, one centering on whether the lists should be compiled by hand or computerized. The experts in this field say that the crux of the debate is not the guarantee of honesty (the computers would do a better job here), but the delays in compiling the lists. Doing them by hand would take at least 2 more years.

Carabineros and Gen Rodolfo Stange himself have made it clear that they will not accept the manual method, nor will they agree to have the military instead of the police put in charge of overseeing the lists. Even so, however, they have shown their categorical determination to see the law enacted as soon as possible.

Who Did It?

The worst thing about all this is that the tense relations with members of the junta tend to carry over quickly into other areas.

The letter that General Stange sent a few weeks ago to the assistant army command, protesting several street incidents between soldiers and Carabineros, has yet to be answered. But that is not all. Fresh problems in maintaining law and order have arisen.

On Tuesday the 29th the Law Department at the University of Chile was taken over by students demanding the dean's resignation. School authorities held some talks, in the presence of Ambrosio Rodriguez, the Interior Ministry's attorney. Then came a call to the headquarters of the zone in the state of emergency. It issued an order to the Carabineros, a written order, as Stange had just been demanding.

When the police entered the campus, a debate began as to who called them in. Carabineros was told that it was the university's authorities. But the rector did not do so, and the dean denied any involvement.

The person held responsible was an army major general who is assigned to the rector's office at the University of Chile: Roberto Soto MacKenney.

Soto MacKenney was with the Officers Classification Board at the time, however, learning that a rumor circulating among the men in uniform was that his name was on the list of this year's retirements.

Who called in the police?

Fresno, the Court

The gaps, the friction, the confusion and the minor daily tensions are compounded by the underlying issues. Everyone is aware that the navy is waiting for 1989 as the "historic vindication" of the 1973 coup. The other branches want to end the steady institutional wear and tear that the regime has caused them. Some in the army have, liking it or not, set 1989 as the deadline. Pinochet's candidacy caused the regime's civilian backers to knit their brows.

Can the commander in chief resort to mere commands to achieve his purpose?

His surprising acknowledgement that international pressure has tied his hands was an accurate description of the limits of power.

In contrast, the government viewed the unprecedented confrontation between the Supreme Court and the Catholic Church over the case of the burnings as a victory. Some officials said that Cardinal Juan Francisco Fresno was stammering as he emerged from a war of words with the Supreme Court, which even hinted at the threat of holding him in contempt of court. An unfortunate example from history, Pyrrhus, liked such victories. Which best represents public opinion: Cardinal Fresno's recourse to the workings of the justice system, or the court's angry reply? Which will carry more weight in the future?

Such questions are not being asked in the government. A regime that is just trying to plan for the next few days and months regards such matters as quite far off. Yet it is planning at a juncture that the domestic opposition still regards as advantageous to the government. The best proof is that in spite of the ill winds that are blowing, it still holds the valuable tool of the political initiative, and it even still has time for gentlemanly expressions of gratitude.

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CSO: 3348/806

CHILE

SERGIO MOLINA ON POLITICAL SITUATION, OPPOSITION

Santiago APSI in Spanish 8-21 Sep 86 pp 8-10

[Interview with Sergio Molina Silva, coordinator of National Accord, by Elizabeth Subercaseaux; date and place not specified]

[Text] [Question] Public opinion is aware that in our country at present, there is an active Patriotic Front which is operating according to the logic of warfare and, on the other side, an active General Pinochet who is also operating according to the logic of warfare. In the face of this, public opinion needs to know, with complete clarity, whether or not there is another alternative. And that is the question being asked of you, the politicians.

[Answer] I want to be clear and specific. There is a concrete solution now being offered to the Chilean people. There is an alternative. That alternative lies in amending the Constitution through a plebiscite so as to allow free elections for three purposes: to elect a president of the republic, to elect a National Congress, and to introduce amendments into the Constitution that will allow it to be changed in the future.

[Question] Do you believe that elections will solve all the problems?

[Answer] Elections in themselves do not solve problems, but they change the mood, the atmosphere, and the objective. Today the political space is closed. And when the political space is closed, the result is false alternatives, as is the case today with the choice between the current government and chaos. And even worse things happen. I will give you an example. There are people who are happy when the Patriotic Front is responsible for an electricity failure--democratic people who say: "Ah! They are the only ones who are doing anything." They have a mistaken idea of violence. But if the political space opens up, if we begin with campaigns for free elections, and if we really progress toward democracy, who is going to applaud the burning of tires as a protest? No one! On the contrary, those of us who want to move toward democracy will say: "Stop this: stop with your violence and your bombs; we are working for democracy, not for confrontation."

[Question] And speaking plainly, what are the politicians going to do to open up that political space?

[Answer] What we are doing: presenting the people of Chile and the Armed Forces with the very alternative that I have mentioned.

[Question] You talk about presenting alternatives to the Armed Forces, but the country is tired of seeing the politicians present alternatives and of seeing how the Armed Forces answer "no" to anything suggested to them.

[Answer] I think that point is of vital importance, and I want to tell you something that I feel very sincerely, and let no one be mistaken about this: the Chilean Armed Forces want dialogue. I tell you this not because I believe it but because I know it. And I know you are going to ask me why, if they want to engage in dialogue, they do not do so. My answer is that they do not engage in dialogue because President Pinochet does not want to. It is he--the president of Chile--who is solely responsible for the fact that there are no instances here of concrete dialogue between the Armed Forces and civilians. It is he who is keeping the political space closed. If that space were opened up, the Chilean panorama would brighten up for civilians and military alike. There would be open political agreements. We would know who is with whom. This is no illusion. That is how a system whose goal is free elections operates.

[Question] Isn't it an illusion to talk about opening up the political space and holding free elections in the face of a government that is closed in both areas?

[Answer] No. It is not, because the closed system in which we live is highly inappropriate for the Armed Forces. And they know it.

[Question] Why do you find it so inappropriate when it is the Armed Forces which are governing and which, apparently, want to continue doing so?

[Answer] Before anything else I am going to tell you that the Armed Forces do not want to perpetuate themselves in power. And now I will respond directly to your question: it is inappropriate for three reasons. First, because the period between now and 1989 will lead to confrontation if this attitude in favor of a closed system continues; second, because a plebiscite is something that will involve them in a political process such as that of seeking a candidate of consensus; and third, because of the tremendous risk that the person they choose, whether military or civilian, will be defeated. What the Armed Forces need is an honorable solution, a free election, and a pact for future governability.

[Question] No one has stated clearly who will be a party to that pact.

[Answer] At the moment, we are working with a group that covers everything from the National Party to Nunez' Socialist Party. The intention is to refine the pact and propose it within the National Accord so that the signers and supporters of the Accord can participate in the pact. A free and democratic election on the one hand and progress beyond the Accord in the form of a pact for future governability on the other hand constitute the specific political response we are offering to the country.

[Question] In this pact for governability, what will happen to the MDP and the other groups that do not participate?

[Answer] The situation with the MDP must be one of great openness. The MDP represents a sizable component of public opinion in Chile, and it has no reason to remain on the sidelines. If it does not want to participate in the pact because it does not support the basic principles involved, then let it not participate. There is nothing wrong with that, and such a situation is not odd in a democratic system. The MDP has no reason to remain on the sidelines of Chilean political life, provided always that it shares the basic rules undergirding democracy: no violence, alternation in power, and respect for human rights. That, specifically, is what we are asking of the Communist Party and of the MDP as a whole. And we discussed the subject to the point of exhaustion in the Civilian Assembly.

[Question] The Civilian Assembly, the highest expression of peaceful social mobilization, has been disbanded. What happened?

[Answer] What happened is very simple: weapons arsenals were discovered. I don't know of any absolute denials. What is being discussed is the quantity, but as far as I am concerned, knowing that just a few weapons exist is enough to make me consider it serious. When proof exists that a process of building up weapons stores is underway in the country, it means that there are people getting ready to use them. And that affects social mobilization, because if social mobilization is spoiled by agents seeking violence rather than democracy and that mobilization turns into violent acts, such circumstances make it highly risky to call for a mobilization.

[Question] In another connection, the impression exists that the opposition is remaining motionless and sort of staring at the ceiling while waiting for the CIA and the State Department to come overthrow the governnment.

[Answer] The opposition is not motionless. I have already told you what the specific solution is and what the alternative is that we are offering the country. The proposal for free elections and for a pact for future governability is specific and viable, and furthermore, clear political pacts upholding that proposal have been achieved.

[Question] On this matter of political pacts, do you support the formation of a center-right bloc like the one being proposed by the National Party?

[Answer] What the country is hoping for is not center-right blocs or center-left blocs. The country is hoping for sensible and reasonable proposals like the one represented by the National Accord. The proposal initiated by the National Party seems fairly reasonable to me--it falls within the scope of the Accord, and it is an open and nonexclusive formula--but I want to focus on the following: the next democratic government should have few strings attached. It should be a government which suggests a good solution to the country and one which has room for a large number of Chileans. It cannot be the government of one combination against another combination. It seems important to me to make it clear to Chileans and the Armed Forces what the next government is going to be: who will be included in it and what programs it will offer. To achieve all that, it strikes me as essential to go beyond the National Accord and engage in dialogue. Dialogue above all else.

[Question] Are you one of those who still believe in the possibility of dialogue with the government?

[Answer] I have no reason to think that such a dialogue is possible at the moment, but I am not losing hope, and the reason I am not losing it is my feeling that circumstances have changed and that the deadline is drawing near--1989 is no longer very far away. But the basic thing, the thing that is keeping me from losing hope, is that I believe--even more, I am convinced--that weighing heavily within the Armed Forces is the thought that it is more advisable to hold free elections than to hold a plebiscite. And within the Armed Forces, that idea is not considered a violation of their oath with respect to the 1980 Constitution. It is regarded as a rational modification corresponding to current circumstances and the inclination within the country. The inclination within the country is to return to democracy as quickly as possible, and the Armed Forces are perfectly aware of that fact. The fact that President Pinochet refuses to realize it is a horse of a different color.

[Question] One last question: do you support social mobilizations of the kind favored by the Civilian Assembly?

[Answer] Social mobilization is a response that occurs precisely because of the shutting off of other forms of expression by a population that disagrees with the way the current government is being run. Public meetings have not been authorized, there is no access to television, and there is no dialogue. In these conditions, other forms of expression appear, an example being those called for by the Civilian Assembly. It is not possible to think that the country is going to stand by passively while a fringe does what it wants. But it is a fact that there are individuals from both the Patriotic Front and the government itself who are interested in deforming the peaceful character of those mobilizations and in fact are deforming it. The Pinochet government is the only beneficiary of the violence produced by those acts. And in my opinion, one should not provide that government with a single pretext for continuing to present the country with the false dilemma in which it must choose between the Pinochet government and chaos. The dilemma is a different one: it is the choice between this government and democracy.

11798
CSO: 3348/809

WIDE SUPPORT FOR PROSECUTION OF 40 MILITARY OFFICERS

Buenos Aires EL TIEMPO ARGENTINO in Spanish 16 Aug 86 p 15

[Text] Santiago (ANSA and EFE)—The prosecution of Gen Gustavo Leigh and other ranking Armed Forces officers is "the most important ruling that has been issued in the area of human rights in the 13 years of the military regime."

This was how attorneys for the Vicarship of Solidarity, a group affiliated with the Chilean Catholic Church, described the decision by a civilian judge.

After a lengthy investigation, Judge Carlos Cerda Fernandez ruled that 40 members of the Armed Forces should be taken into preventive custody and tried for the arrest and disappearance of 10 Chilean communist leaders in 1976.

In addition to Leigh, a former commander of the air force and former minister on the Military Junta, the defendants include two other air force generals and a Carabineros general, all of them retired.

The Group of Family Members of the Arrested-Missing indicated, for its part, that Judge Cerda Fernandez' ruling is "a ray of hope and a far-reaching step."

"The formal indictment of many members of police groups and armed forces branches confirms what we have repeatedly and persistently maintained during the long years of our search for our loved ones," the group's declaration added.

General Leigh stated through one of his attorneys that "he is convinced of his innocence and his lack of connection with the events in question," asserting that he wants them completely cleared up.

Judicial sources indicated that the judge established "the existence of a body that allegedly acted as a joint antisubversive commando unit to crack down on leftwing activists, especially communists."

Cerda Fernandez began his investigations into the arrest and disappearance of Santiago Araya, Horacio Zepeda, Edras Pinto, Armando Portilla, Lincoyan Berrios, Lisandro Cruz, Luis Lazos, Reinalda Pereira, Juan Fernandez Ortiz and Waldo Pizarro.

Among the military officers to be tried for this crime are several who were linked to the kidnaping and murder of three communist activists who had their throats cut. Judge Jose Canovas is investigating that case.

The information that enabled this investigation to be opened was revealed in 1984 to the magazine CAUCE by a Chilean Air Force deserter, Pfc Andres Valenzuela, who is currently living in exile in France.

Valenzuela's statements were made available to the courts, and Judge Cerda was thus able to arrest and question two civilians who were implicated: Miguel Reino and Otto Silvio Trujillo Miranda.

Reino had been a Communist Party activist but was recruited by the Joint Antisubversive Commando Unit after his arrest. His disclosures led to several of his comrades, whose fate Judge Cerda is now investigating.

Trujillo belonged to the Christian Democratic Party and was also a security services agent.

At a news conference the civilian judge asserted that the investigation has not concluded with the order of arrest and trial. He has ordered further inquiries into the fate of the others who were arrested and are missing and those responsible for it.

When asked by reporters whether he feared for his life, the judge replied that "it is marvelous to be able to risk one's life for higher values."

For the time being Cerda ruled out disqualifying himself because Armed Forces personnel are involved. He also ruled out the possibility of applying an amnesty law that the government has issued to the defendants.

8743
CSO: 3348/806

ELECTORAL REGISTRY LAW KEY FEATURES NOTED

Santiago ERCILLA in Spanish 13 Aug 86 pp 10-11

[Interview with Guillermo Bruna, member of the Fernandez Commission; author, date, time, and place not given]

[Text] Various sectors of public opinion have called the Government Junta's passage of the Law on Voter Registration and Electoral Service an important step toward full institutionalization.

Of all the organic constitutional laws established by the Constitution of 1980, this is without a doubt one of the most fundamental; it will ultimately determine what political practices will prevail in the future, and what shape democracy will take.

Moreover, the bill is vitally important for the approval of the legal texts that make up the so-called "political laws," given that to exercise the right of suffrage and to run for popularly elected offices, individuals must sign the Voter Registers.

On Thursday the 7th the legislative branch, in a special session, approved only those matters related to voter registration per se, but official sources told ERCILLA that very soon the official "go-ahead" will be given for the entire package of measures on the Public Electoral System. This legal body, in practice, regulates the manner in which individuals may exercise their rights as citizens in a plebiscite or election.

Meanwhile, the law in question will enable nearly 8 million people to sign up on the voter rolls. All Chileans over the age of 18 who meet the requirements to be voters may exercise this right. This category includes the blind, the illiterate, and foreigners for the first time.

According to a specialist, "since the registration process may last a long time, accelerating this part is justified. It is just a measure to save time."

But beyond this circumstantial fact, the approval of this important legal body is proof of the government's strong desire to carry on with the constitutional normalization process mandated by the Constitution itself.

This was reiterated by Interior Minister Ricardo Garcia with reference to this law. "Everything that has been done is aimed at the clear and final objective of enabling Chilean citizens and foreigners who are entitled to vote, in accordance with the Constitution, to exercise this right and thus express the sovereign will of the nation in elections. For this reason, I consider this legislation to be of the utmost importance to our national life. This is not, of course, the only law; we know that we have other legislation ahead of us, and we will continue to implement it with the same interest and enthusiasm so that this new institutionality can be consecrated."

The legal body is not substantially different from the regulations that used to govern such acts. The initiative, which consists of 102 permanent articles and 9 transitory ones, calls for a mixed system with regard to registration and the Voter Register, since the former will be done manually while the latter will be computerized (see box). In this way, any attempt to register more than once (one of the major electoral vices of the past) can be prevented, and the normal development of the registration itself can be assured.

The law also allows a period of 5 months for the process to begin. Like any important legislation, however, it must be examined (at a second level) by the Constitutional Court. According to the Constitution, this court must rule on the constitutionality of these regulations.

According to the schedule, assuming that no objections are raised, the new law should be ready for promulgation next 11 September.

Testing Quality

In the opinion of Guillermo Bruna, a constitutional lawyer who is a member of the Fernandez Commission (which drafted the bill), the approval of the Voter Registration Law is of undeniable importance:

"Many of the institutions provided for in the Constitution cannot function without the passage of complementary legislation, including organic constitutional laws and qualified quorum laws. The government has decided that the transition should be carried out through precisely this type of legislation. But this may seem a little slow if in addition to studying or passing these regulations there is no enforcement or testing of their quality. The Voter Registration Law is one of those norms that can be implemented immediately; hence its psychological and political importance."

[Question] Why did the government decide to separate this law from the Public Electoral System Law?

[Answer] Our commission thought at the beginning that the Constitution required a single law to be drafted on this matter. So we drafted a bill which covered the registration, the processes, and the electoral systems. But then we realized that even among ourselves there was no unanimity of opinion, so we got the idea of sending the government the fruit of our work, with the alternatives that had been proposed, to prevent excessive delays in the approval of this legislation. The president accepted that, and the segments of the bill specifically related to registration were separated from the rest.

[Question] What issues must the Constitutional Court now rule on?

[Answer] The court's duty, pursuant to Articles 81 and 82 of the Political Constitution, is to oversee the constitutionality of organic laws. Among other things, it may decide that the separation of the bill is unconstitutional.

[Question] What would happen in that case?

[Answer] It would have to be sent back to the Government Junta, which would have to debate the issue again. In that case, the Junta can insist on its proposals, or if not, it can abide by the court's ruling. The president of the republic can promulgate the legislation on his own, or he can raise objections to it (in other words, veto it).

[Question] How will this law enable Chileans to exercise their rights as citizens?

[Answer] It is impossible to think of plebiscites, of presidential or congressional elections, if there is no electoral system that can provide guarantees that the process will accurately reflect the will of the electorate. And this is precisely what will happen with the beggining of registration. Now no one can doubt the government's intention of reaching full democracy by 1989, if nearly 3 years ahead of time the electoral rolls are up to date again and people have concrete evidence of their rights as citizens.

[Question] People have questioned the fact that the old voter rolls have been destroyed because of alleged corruption, yet now an identical system is being implemented.

[Answer] That is not the case. Although they may resemble each other superficially, the key is that today, with the Single National I.D., it is guaranteed that a person cannot have more than one I.D., since there can be only one with that number in the entire country. Under the current system, the problem of multiple voter registration is eliminated.

[Question] What, in your opinion, are the principal virtues and innovations of the Voter Registration Law which was recently approved?

[Answer] In general terms, it is quite simple and conservative. In this regard, the Government Junta has tried to keep the old formats, taking advantage of the rich experience of our democracy. It was only recently, with the falsification of registrations, derived in turn from duplicate voter I.D. cards, that the system fell apart. As for the rest, it worked fine under normal circumstances. To date, no other system has proven to be better for our individual needs.

Fundamental Aspects of Voter Registration Law

--The legal body requires that to exercise the right of suffrage and to run for popularly elected offices, a person will have to be registered on the voter rolls.

--It provides that the Electoral Service, the Electoral Boards, and the Boards of Registrars are electoral bodies.

--The Electoral Service is created as an autonomous entity, with legal personality and its own assets. For all legal purposes, it will be the successor to the Office of Voter Registration. The chief of this body will be the director of the Electoral Service, who will be appointed by the president of the republic.

--There will be an Electoral Board in every province, and its duty will be to propose candidates for the director of the Service to appoint as members of the Board of Registrars, and those who will replace them.

--The provincial Electoral Boards, whose capital will be the seat of the Court of Appeals, will be comprised of the public prosecutor assigned to the latter, the public defender, and the conservator of real property.

--There will be a Board of Registrars in every community.

--Registrations will be recorded on the Voter Registers, each of which will contain 350 entries. There will be separate rolls for men and women.

--Voter registration will be free, and it must be done at the corresponding Board of Registrars. Identity and age can be verified only with the current National I.D.

8926
CSO: 3349/791

RESEARCHERS IDENTIFY POLITICAL, SOCIOECONOMIC TRENDS

Santiago HOY in Spanish 4-10 Aug 86 pp 10-11

[Text] The leader: Ever since the Chilean political crisis heated up in 1983, the issue of the leader has been one of the most persistent lacunae in the efforts to find a solution, for the government as well as the opposition. In 2 years, Pinochet's popularity eroded to little more than 1/2 its former level; opposition leaders who once had gained almost a 1/3 share in the polls suffered a similar downturn.

Paradoxically, this has not happened to the government formulas that Chileans consider ideal. While the regime has slipped steadily, the opposition has had moments of unprecedented consensus, albeit with some fluctuation. For example, in January of this year, more than 70 percent of the population supported an opposition formula.

Which opposition? Here the hair-splitting begins: The Democratic Alliance wins the most favor when it stands alone, but the strongest option is still that of a "united opposition."

Studying the public opinion trends of the last 3 years requires a great deal of subtlety. That is why the Latin American Institute for Transnational Studies (ILET), the Latin American School of Social Sciences (FLACSO), and the Diagnos company put their heads together and proposed that a tripartite seminar be held last week.

FLACSO contributed a survey of "political culture" that had been conducted in late 1985 and published in detail in issue 462 of HOY. Diagnos put together 3 years' worth of studies, and drew up developmental and comparative charts. A graphic synthesis of these charts accompanies this edition.

Correlations

The researchers pointed out that to study these charts, it is important to bear in mind the current events that took place around the dates of the samples. Thus, for example, the fact that people /perceived/ [word enclosed in slantlines printed in boldface] less social agitation in January 1985 can be attributed to the declaration of the state of siege and the subsequent press censorship. The increase in April, however, reflects the deterioration of that same state of siege.

Sociologist Fernando Contreras, of Diagnos, noted that although Pinochet's popularity has declined steadily, "things change a bit when people are asked whether he should resign. In that case, more people think he should not; in June it was 25 percent. This could be attributed to a certain fear of what could happen afterwards."

There is no close correlation between the deterioration of the regime and the economic situation, either, at least when measured over short periods. More people felt in November 1984 that the economic situation would worsen, and yet support for the government was greater then than in June 1986, when there were fewer expectations for an economic crisis.

Expectations for violence and social agitation are also complex, and there appears to be no mechanical relation to economic problems. One of the highest figures for expectations of violence was recorded in April 1986 (66.3 percent), just when expectations for an economic recovery were at one of the highest levels recorded, 11 percent.

Sociologist Contreras had other curious data that he had extracted from the private interviews. For example, "the formula of Sergio Onofre Jarpa was favored slightly more in 1983 and 1984 than the formula of Pinochet alone. In popularity, Jarpa exceeded Pinochet; but when he ceased to be minister of the interior, his popularity virtually evaporated. Between April and June of this year, when he began his independent political activity, the former minister showed up in the polls again."

Return to democracy? Most prefer it to be quick. There are those who support the idea of waiting until 1989, but they are in the minority. Contreras said that "curiously, after the signing of the National Accord, in late 1985 the 1989 idea gained a little ground, apparently because some people thought they saw a guarantee of stability in that timeframe."

Legalist Culture

The FLACSO survey attempted to identify the features of the present Chilean political culture. In an analysis presented by sociologist Norbert Lechner, it was noted that Chileans' principal concern is the economic situation.

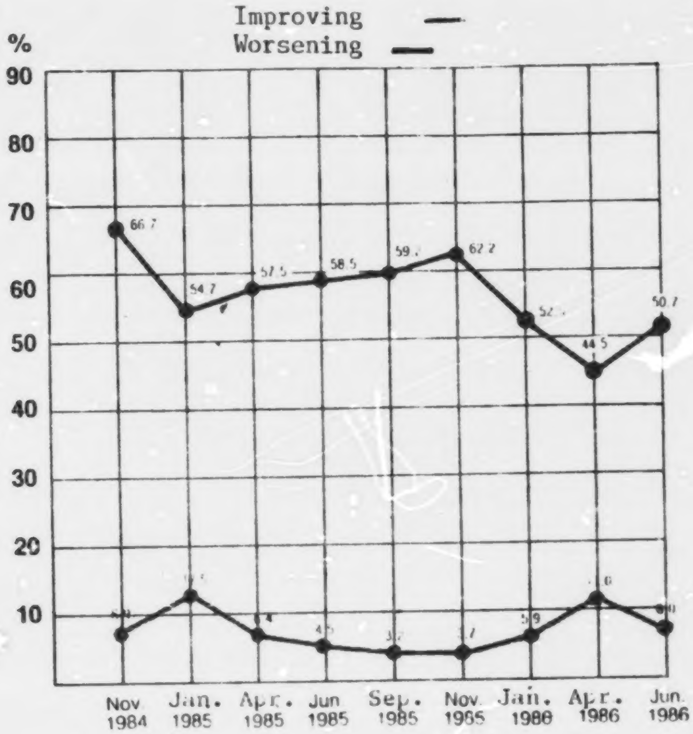
In many cases there seems to be an association between this kind of problem and adherence to democratic values. "The legitimacy of democracy depends on how well it functions," stated Lechner, adding that "this is disturbing to me because it implies that democracy will be subject to strong pressures for results (especially economic yields)."

As for the attitudes of the opposition, the idea of presenting petitions to the authorities (approved by 91 percent) "is so widely supported that it can be considered an acquired right. In a legalist culture like Chile's, only if a petition is rejected or ignored is a subsequent protest justified."

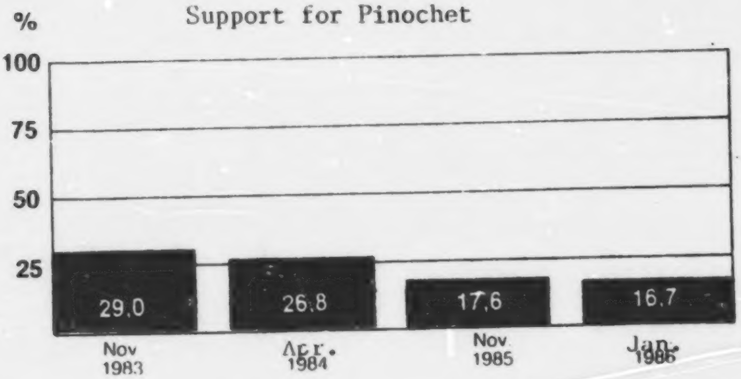
The fact that a majority prefers negotiation to confrontation, even after Pinochet's rejection of the National Accord, also appears especially significant to Lechner. "Both the emphasis on negotiation and unity and the conservative attitude toward protests indicate a fear of conflict."

His study also reaches conclusions similar to those expressed by Diagnos: "The absence of leaders is an important element in the analysis." It adds a more disturbing fact: "At present, the Chilean population not only is not familiar with the politicians, but also does not recognize any leaders."

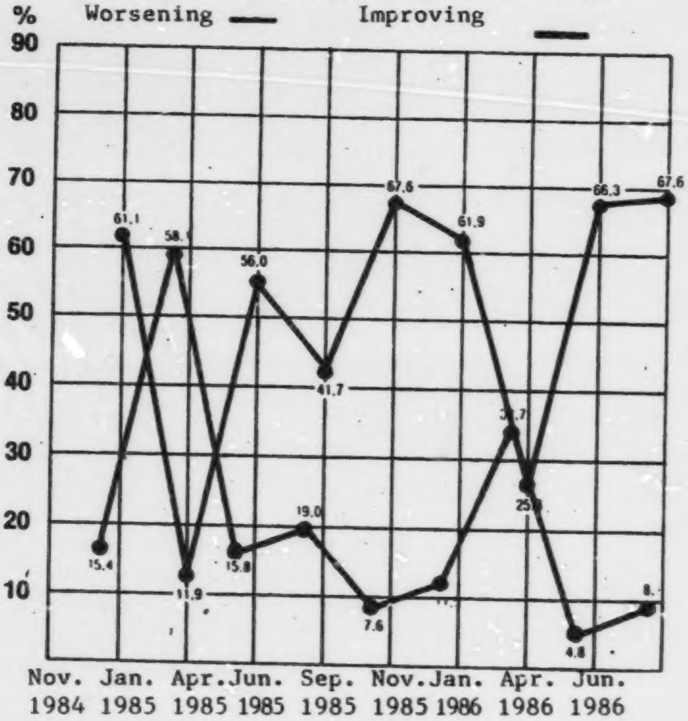
Economic Situation



Support for Pinochet

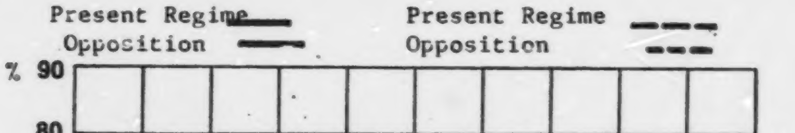


Climate of Social Agistation and Violence



Government Preferences

Preferred Government Formulas Preferred Leaders



8926
CSO: 3349/791

CHILE

INDICATORS SHOW ECONOMIC UPSWING IN FIRST SEMESTER

Santiago ERCILLA in Spanish 6 Aug 86 pp 16-18

[Text] At the beginning of this year, the economic team set its growth goal for 1986 at a range of 3 to 5 percent. Whether the final result ended up at the bottom or the top of that range depended on external factors, such as international interest rates or prices on the international markets for the principal goods that our country imports or exports. Late last week, speaking at a business meeting in Antofagasta, the finance minister (who is usually conservative in his forecasts) stated that the ecoomy will grow at a rate of 4.5 percent during this 12-month period; that is 2.1 points over last year's growth rate.

In the first quarter of this year, the Gross Domestic Product (GDP) attained a 3.5-percent growth rate, and the calculation of the GDP for the second quarter is being processed right now. This marks the end of the first half of 1986. There should be no surprises. The performance of the economy has been satisfactory in general, and most of the figures are clearly positive.

Foreign Trade

In a country with a small and open economy, and also a high foreign debt, what happens to foreign trade is a strong indication of what will ensue in many other sectors. The performance of the balance of trade during the first 6 months has been one of the biggest surprises in the macroeconomic picture. With a surplus of just over $700 million, it was 72 percent higher than the balance for the same period of 1985. Moreover, that level is more than 80 percent of the original goal of $835 million that our country agreed to for this year with the International Monetary Fund (IMF). Given these results, it is now projected that by the end of 1986 the surplus will rise to $955 million.

During the first half of the year, exports rose by 12 percent. Industrial goods were given special emphasis, with an increase of 18.5 percent.

In the case of imports, the overall decline amounted to 4.7 percent. Consumer and intermediate goods experienced a slump. In the former case, the situation is attributable to the entire process of import substitution for food products. In the latter case, the fall in the price of petroleum had a severe impact, in that the country has been able to save several tens of millions of dollars. Capital goods imports, on the other hand, reported an increase of 7.5 percent, and the import figures reported by the Central Bank indicate that this trend will continue.

There is confidence within the economic team that the balance of trade surplus will remain above the levels agreed to, and it is hoped that the excess funds will be used to reduce the expensive foreign debt (that is, the short-term debt), which has a high spread and strict rules for compliance. The efforts of the economic team in the second half of the year will be aimed, in this regard, at keeping the surplus within the range agreed upon with the IMF, "preventing an excessively high surplus that could require subjecting the economy to very rigid controls."

Inflation and Unemployment

As for the Consumer Price Index (IPC), the cover letter states that cumulative inflation for the first 6 months of 1986 is 8.8 percent; that is nearly half the figure reported on the same date last year. As for the Wholesale Price Index (IPM), the rate for the first half of 1986 (7.5 percent) is virtually 1/3 of that recorded for the same period of last year.

No inflationary storm looms on the horizon, so the year should draw to a close with an IPC of between 15 and 20 percent, in line with the forecast.

One of the most serious scourges that have plagued the economies of all countries of the world is unemployment. Whereas in many nations the joblessness problem is on the upswing, in Chile the indicators clearly point to a decline. The unemployment rate for the movable quarter of April-June was 11.0 percent, 1.9 points below the unemployment figure recorded during a similar period of 1985.

When viewed regionally, the jobless rate reveals a sharp decline in the metropolitan area. At present, that rate is 12.7 percent, well below the 17.2 percent reported a year ago. In all other regions, with the exception of the 2nd and 8th regions, unemployment has gone down.

Another indicator that reflects improvements in the economy and a higher level of activity during the first 6 months of the year is activity on the stock market.

The statistics compiled by the Santiago Stock Exchange indicate that in the first half of this year the volume of trade rose by 217.9 percent in real terms over that of the same period of 1985. The highest growth was seen in stocks, with 676.5 percent; they were followed by fixed-yield instruments, with a 268.4-percent rise in the volume of trade; and finally by financial operations, with a growth rate of 142.8 percent.

The upward trend in the value of stocks has also been interesting. These values began rising as early as last year. The General Index of Stock Prices (IGPA) rose by 60.7 percent, while the Index of Selective Stock Prices (IPSA) jumped 68.1 percent.

When broken down by sector, the growth of shares in agriculture and livestock firms and forestry companies is also interesting (64.8 percent), as is that of industrial shares (72.4 percent). The former sectors' growth can be explained by the active role the agriculture sector has played in import substitution and in boosting exports. The latter growth rate is a demonstration of the confidence economic agents have in the economic leadership of the country. Furthermore, the sale of stock in subsidiaries of the Production Development Corporation (CORFO), the presence of the Pension Fund Administration Boards (AFP) on the market, and the improved yields businesses have been obtaining in recent quarters, all have had an influence as well.

Industry and Agriculture

After a growth of 2.3 percent in the first quarter of this year, the growth of the sectoral GDP in industry is expected to be about 9 percent for the second quarter, bringing the yearly total to between 4 and 5 percent.

The Industrial Development Association (SOFOFA) index of physical industrial production indicates a growth rate of 7.6 percent for the first quarter over the same period of 1985. The largest increase was seen in the durable consumer goods sector, with 39.8 percent; transportation material, on the other hand, showed a drop of 1.2 percent.

As for physical industrial sales, the SOFOFA indicator shows a rise of 8.4 percent, the most outstanding category being durable consumer goods with 19.6 percent. It should be noted that sales rose in all categories.

The agriculture sector, which at one time was lumped together with the construction sector as the "workhorses" of the country's economic recovery, yielded one of the most promising performances this season.

In the first half of this year, the 1985-1986 agricultural season ended with record-breaking wheat production. In addition, yields of wheat, corn, potatoes and beets broke previous records.

The agricultural statistics for the traditional annual crops reveal growth in wheat (39 percent), marigolds (67 percent), turnips (204 percent), and beets (24.1 percent). This has enabled the country to meet 87 percent of its wheat needs, 50 percent of its oleaginous needs, and 100 percent of its beet needs.

On the other hand, production fell in certain sectors, such as corn and potatoes (due to low prices during the previous season), beans (export problems), rice (difficulties with the water supply), barley (the shut-down of one of the processing plants), and oats (excess foraging).

The fruit sector also provided excellent yields, especially through exports. Forestry was another winner, boosting lumber exports by 20 percent and paper, cellulose and byproducts exports by 5 percent.

The production of meat remained stable, while the amount of fresh milk delivered to plants rose by 14.5 percent.

The sectoral GDP is projected to grow at a rate of about 6 percent for the fiscal year as a whole.

Construction and Trade

Considered one of the sectors with the greatest multiplier effect on economic activity, construction revealed two opposing statistical trends in the first 5 months of 1986 (the figures for June have not been released yet). With regard to housing, there was a proportional drop of 24.9 percent in the number of dwellings approved and started in the 80 communities of the country that are used as the basis for the National Institute of Statistics (INE) sample. Moreover, there was a 14.9-percent decline in the surface area of such construction, even though the average area per dwelling expanded from 52.6 to 59.7 square meters.

The situation of the "industry, commerce and financial establishments" subsector is different. There, the surface area of new construction projects rose by 31.1 percent between January-May of last year and the same period of this year.

Observers of this sector estimate that construction should pick up in the second half of the year, taking into account factors such as lower interest rates (which should bring down the cost of mortgage credit transactions) and increased state activity in this sector over the next few months.

In the commerce sector, the index of real sales shows increases in the categories of clothing (20.75 percent), major appliances (27.36 percent), and construction materials (14.88 percent) for the first half of 1986, compared to the same period of 1985.

The exception to this rule is found in the shoe category, where sales fell by 10 percent. In this case, an analysis made by the National Chamber of Commerce indicates that the decline is not the result of a lower physical sales volume, but rather of a lower price; the fall in prices is due to the increasing share of synthetic shoes, which are less expensive, on the market.

Mining and Fishing

The mining sector alone accounts for 56 percent of the country's foreign exchange earnings, which shows how important it is to the national economy.

Because of the nature of this activity, increasing mining production significantly requires major investments that are slow to materialize. Nonetheless, some interesting progress can be seen.

A few days ago Mining Minister Samuel Lira Ovalle released some estimates of production for the first half of the year. According to these projections, there should be increases in the production of copper (8.7 percent), molybdenum concentrates (2.8 percent), silver (1.6 percent), iron (7.0

percent), and coal (17.2 percent). On the flip side of the coin, production fell in the gold (3.7 percent) and petroleum (2.9 percent) subsectors.

The GDP for this sector is expected to grow by about 2.5 percent in 1986.

Finally, fishing is the sector that is most unpredictable, given that it depends on a number of totally random conditions. In addition, from time to time certain measures are imposed that have a major impact on its development. Thus, in the first quarter of 1986 the sectoral GDP fell by 22.9 percent, primarily due to the imposition of bans. Nevertheless, estimates are that the second quarter experienced a growth rate of 20 percent, while for the year as a whole the GDP is expected to be similar to last year's.

The last step on this ladder of economic indicators and productive activities is the generation of electricity. In the first 6 months of the year it expanded by 7.9 percent over the figure for the same period of 1985, which reflects the higher level of productive activity in the country.

The positive economic results obtained in the first 6 months of the year were achieved in spite of the various adverse elements on the international scene, especially the low price of copper. The clear and harmonious macroeconomic policy that was pursued helped overcome these difficulties and made it possible to take advantage of the slack afforded by the drop in the price of oil. To the extent that the external front does not experience any major negative changes, the goals set by economic authorities for 1986 should be attained without significant problems.

Microeconomic Indicators

IVA: During the first 5 months of the year, revenues derived from the Value Added Tax (IVA) swelled by 10.2 percent with respect to the same period of 1985. The treasury collected a total of 149,829,800,000 pesos from this tax, according to the director of the Internal Revenue Service (SII).

Trade Deficit: In the first half of this year, the U.S. trade deficit reached a record $83.9 billion, according to the U.S. Department of Commerce. If this trend continues, the deficit will reach $170 billion by the end of the year, higher than 1985's total of $144.6 billion.

IADB Credit: A $114.6-million loan was extended by the Inter-American Development Bank (IADB) to Chilectra Generacion for the purpose of beginning construction on the Alfalfal hydroelectric plant, located in the area of Cajon del Maipo.

Forestry Exports: The National Forestal Corporation (CONAF) reported that in the first half of this year exports from this sector totaled $176 million, equivalent to a 7.4-percent growth rate over the same period of 1985.

Passbook Savings: The amount of deposits in passbook accounts as of last May was 207.516 billion pesos, an increase of 55 percent over the level reported in June of last year. Passbook savings account for 26.9 percent of all deposits in the financial system. These data were provided by the Supreintendency of Banks and Financial Institutions.

Auto Sales: In the first 5 months of the year, the sale of cars, small trucks and utility vehicles totaled 6,106 units. Last year the total was 18,659 vehicles, and the 1984 total was 20,274.

AFP: The latest report by the Superintendency of Pension Fund Administration Boards indicates that in May, a total of 5.378 billion pesos was collected in contributions, an increase of 7.4 percent over the figure for the previous month.

Dollar Deposits: Dollar deposits in the national financial system amounted to $518.3 million as of the end of May.

AFP Profits: In the last 12 months, the average monthly profit of individual AFP accounts fluctuated between 2.73 and 2.78 percent, depending on the individual's taxable income.

8926
CSO: 3349/791

ADMIRAL MERINO DISCUSSES PLEBISCITE, TERRORISM

PY110407 Santiago Radio Portales Network in Spanish 2330 GMT 10 Sep 86

[Text] The law on the system of electoral registration and services is going to be promulgated on 11 September. This information was provided by Admiral Jose Toribio Merino at the conclusion of the special legislative session today.

Asked about the plebiscite mentioned by the president yesterday, Admiral Merino said that he still does not have an opinion about it.

[Begin Merino recording] I do not have an opinion because [words indistinct] I do not know what it is all about.

[Reporter] But an electoral registration is needed in order to hold a plebiscite.

[Merino] The Electoral Registration Law has been approved. About four weeks ago the draft law was sent to the constitutional tribunal which made several suggestions. We accepted the tribunal's suggestions and we then sent the bill to the president in La Moneda Palace for his signature tomorrow. [end recording]

Adm Merino said that although the Electoral Registration Law will be promulgated tomorrow no plebiscite can yet be held because some regulations are necessary.

[Begin Merino recording] After the Electoral Registration Law is promulgated we will have to wait until everyone has its own card, and then we will have to hold it like an election [words indistinct].

[Reporter] Admiral, do you support the plebiscite?

[Merino] I am not a supporter of anything, I am a supporter of [words indistinct].

[Reporter] Do you believe that the antiterrorist law is insufficient against terrorism in Chile?

[Merino] I believe so because the president was attacked and we got a big scare [words indistinct]. [end recording]

Admiral Merino was also asked if the antiterrorist law establishes punishments for people who use high-powered weapons. Merino said no.

[Begin Merino recording] This has not been conducted [words indistinct] in Valparaiso we found 30 Vietnamese-make [words indistinct].

[Reporter] This means that the solution would be to change the antiterrorist law.

[Merino] I cannot say because I do now know. We have not discussed it. We only talked about it yesterday during the parade. [end recording]

Adm Merino was also asked about other topics. He was asked if he still maintains his position supporting dialogue after the recent events that have taken place in the country.

[Begin Merino recording] We must always talk. I am talking with you. We should talk with everyone. Of course we have to talk with the people who want to talk. I am not going to talk with Mrs Buster [words indistinct]. [end recording]

/12913
CSO: 3348/814

CHILE

PDC CONDEMNS CLIMATE OF TERROR IN COUNTRY

PY102247 Santiago Radio Chilena in Spanish 1700 GMT 10 Sep 86

[Text] The Christian Democratic Party [PDC] National Board today released the following statement, one paragraph of which states: The PDC is again raising its voice to complain about the climate of terror imposed in the country. In less than three days, five uniformed men have been murdered, and the murder of several civilians has been reported, including that of journalists association leader Jose Carrasco Tapia. Some of the victims were detained by heavily armed individuals who are freely circulating on the streets and who act with impunity during curfew hours.

The PDC statement adds: under the state of siege, which imposes severe police and military control on the country, brutal assassinations are being committed. This shows that the state of siege, far from guaranteeing the security of the people, leaves them absolutely defenseless.

Restrictions on freedom of expression and the closing of several communications media aggravate this situation. We condemn the arbitrary detention of political and social leaders, and of zealous priests who carry out their apostolic work for the poor people of Chile. These actions have no relation at all to the violent acts that are being investigated.

The PDC statement adds: We repudiate the threats by President Pinochet against political leaders and citizens who defend human rights which have been so seriously violated over the past 13 years. We also express solidarity with out comrade Andres Zaldivar and his relatives, because of the attack yesterday against his house by a fanatical mob.

The legitimate social interest in establishing the responsibilities and in passing judgement in accordance with the law, against those who participated in the 7 September attack cannot justify the acts of those who intend to take the law into their own hands.

Signed: National Board of the Christian Democratic Party.

/12913
CSO: 3348/814

CHILE

RADIO STATION DENOUNCES PRESSURE ON CREDITS

PY110225 Santiago Domestic Service in Spanish 1030 GMT 10 Sep 86

[Commentary by Fernando Molina Jerez]

[Text] Linda (Kent) a high-ranking IMF official has recently visited Chile to gather information in meetings with government economic officials. In fact Ms (Kent) met with the finance minister, the Central Bank president, the budget director, and the bank and finance institutions superintendent, and with other high-ranking members of the economic team.

Although no official report was released on these meetings, it is obvious that the meetings were related to two subjects:

First, to determine the manner in which the government has complied with the macroeconomic plan agreed to with the IMF and the international financial community for the present year. Second, to collect background information on new credits Chile will reportedly request from the international community next October.

There has been a rumor lately, so far undenied, that the government intends to ask the IMF and the foreign creditor banks not only for "new money" [in English] which will compensate for the 1987-8 Chilean trade deficit but also for permission to renegotiate the loans that will come due in 1988.

As is known, the last debt renegotiation covered the 1985-87 period. The new money obtained on that occasion only lasted through 1986. There is strictly political problems regarding this subject despite the fact that in the eyes of the international community Chile has administrated its national economy well by dutifully complying with its foreign commitments such as the macroeconomic program, which set favorable conditions for a renegotiation.

We must know what Washington's attitude will be when the international organizations decide whether to grant us new credits. In fact, the Reagan administration has conditioned its votes for the approval of credits for Chile to progress observed in the human rights field and progress toward democracy in Chile.

However, we believe that any capricious position regarding this political subject ought to be reconsidered by the American authorities the subject of credits is different from human rights violations or the interruption of the democratic process in Chile. The United States should adopt an honest position regarding the communist problem in Chile and should analyze with courage the subject of the defense of the Chilean people by the military government to protect our country from international Communism. The government wishes to ensure and protect our future so as to allow Chileans to decide freely in 1989 between the regime's proposal and the Marxist chaos and insurrection advocated by certain political groups that blindly seek one thing: power.

Whatever the international financial community decides, Chile is united right now around the president and his government. This was clearly demonstrated yesterday afternoon when the whole country, for hours, expressed its support for him, not only because of the attack last Sunday but also because the people wanted to tell the president that his government is supported by the majority of Chileans.

Despite political pressures, Chile will request credits from the international organizations. Chile does not need a vote in favor of its political government, but rather the trust of the international creditor banks in our economic program developed over the last few years.

/12913
CSO: 3348/814

BRIEFS

OFFICIAL ON U.S. 'CONGRESSIONAL PRESSURE'--The under secretary of the Economy Ministry, Jorge Valenzuela, has stated that the approval of new credits by the IDB and the World Bank should not be subject to political but to technical criterion. Valenzuela made this comment in relation to his position on the current U.S. pressure on international banks not to grant new credits to Chile. He added that the U.S. congressional pressure is political. [recorded passage indistinct] He indicated that Chile so far has fulfilled its commitments, that Chile has no problems either with the IDB or the World Bank, which is why he believes that the pressure will not succeed. [recorded passage indistinct] Valenzuela said in conclusion that the World Bank has always strictly adhered to economic aspects in its operations and no influence can be exerted on that policy. [Text] [Santiago Domestic Service in Spanish 2300 GMT 10 Sep 86 PY] /12913

ZALDIVAR'S HOME ATTACKED--Santiago, 10 September (AFP)--The wife of Christian Democratic Party leader Andres Zaldivar, Ines Hurtado, has reported that her husband's home was attacked last night by supporters of Chile's military government. The irate supporters shouted insults, attacked one of the politician's sons, kicked down the gate, and finally stoned the residence, located in Vitacura, eastern Santiago, Ines reported. The attack occurred at approximately 2330 local time (0330 GMT). It was perpetrated by the participants in a motorcade made up of 40 or more vehicles that arrived at the house after the massive rally staged to support President Augusto Pinochet. Zaldivar was finance minister in the administration of the late President Eduardo Frei (1964-1970), president of the Christian Democratic Party and of World Union of Christian Democrats. [Text] [Paris AFP in Spanish 1132 GMT 10 Sep 86 PY] /12913

30 ARRESTED IN VINA DEL MAR--Thirty people were arrested today in Vina del Mar during incidents on downtown Valparaiso and Plaza Vergara Streets, and in upper Miraflores. The demonstrators dispersed after Carabineros teargassed the crowd. Another incident occurred at the grave of the late president Salvador Allende at Santa Ines Cemetery No. 4, where student and labor leaders spoke. No major incidents or arrests were reported. In Valparaiso, the office of the chief of the emergency zone has officially reported that a clandestine printing shop was found at a house raided in Zorro Alegre. Five men and two women were arrested. The men were arrested in the house, and the women were detained while distributing leaflets containing subversive slogans. The seven detainees have been placed at the disposal of the authorities of the

emergency zone. A communique states that the detainees had printed leaflets with slogans against the government. [By Gustavo Pradera] [Text] [Santiago Radio Portales in Spanish 2330 GMT 11 Sep 86 PY] /12913

CSO: 3348/814

IMPORT DUTIES LOWERED ON MANY PRODUCTS

Items Affected

Port-au-Prince LE NOUVELLISTE in French 22 Jul 86 pp 1-2

[Excerpts] Issue No 55-A of LE MONITEUR published on Thursday, 10 July 1986, carried an important decree dated 23 June 1986 reducing import duties on many products.

The lawmakers justified this action, noting that "Since the cost of living has increased tremendously, the Haitian state must take appropriate steps to reduce it." On the other hand, it is not known why certain rates were chosen over others.

The duty on fresh and variety meats of all kinds, fresh fish and fish meal will now be 20 percent, while for cod and dried fish it will be 10 percent.

Most goods in competition with those produced by local industry are affected by the tariff changes. We might mention the following: butter and margarine; wheat flour; sweets without cocoa; fruit juices; ethyl alcohol; toothpaste; mosquito-repellant sprays; plastic, iron and steel tubes, pipes and ducts for electrical and hydraulic installations; plastic or steel household items; iron and steel bars, wire, sheets; etc.

Moreover, the legislators focused on three sectors in particular. They are:

a. Spare and replacement parts for cars and trucks; solid and balloon tires, transmission shafts, vehicle chassis, ball bearings, storage cell batteries, ignition switches and internal combustion engines. Everything pertaining to this sector will now be subject to 10 percent duty, whereas previously the rates ranged between 30 and 40 percent.

Let us note that along with this, public transport vehicles (buses and coaches) with a capacity of more than 25 people, for which the rate was previously 25 percent are now exempt from customs duties.

b. Products used in human or veterinary medicine are exempt from customs duties. Antibiotics, vaccines, serums, hormones, vitamins, medicinal waters and wines, cotton and gauze, adhesive tape, poultices, dental filling materials, etc. are included in this category. Previously these items were subject to rates varying between 12 and 32 percent.

c. Wood and wood products, in other words undressed timber, ordinary and rare woods, wooden blocks and beams, veneers and plywoods, wooden panels, shafts, boxes, cases, tools, rods and spools, are also exempt from customs duties, as are firewood, charcoal, joiners'work, inlaid woodware, etc.

The rates for whiskey, beauty products, etc. have also been reduced.

Regulations Published

Port-au-Prince LE NOUVELLISTE in French 22 Jul 86 p 5

[Excerpt] The General Customs Administration, for the purpose of informing all interested parties, importers and customs brokers in particular, about the implementation of the decree published in LE MONITEUR, No 55 A, dated 10 July of this year, is publishing herewith Articles 1 and 39 of the Customs Tariff Law, with a commentary.

"Article 1. The schedule of import duties appended to this law gives the minimum rate applicable solely to goods, foodstuffs and other products originating in the countries in the following categories:

a. GATT (General Agreement on Tariffs and Trade) member countries against which the Republic of Haiti did not invoke Article 35 of the GATT. Apart from the minimum rate, these countries are covered by the most-favored-nation clause.

b. Nations which are not GATT members, but with which the Republic of Haiti has negociated trade agreements.

The maximum rate, which is applicable to all countries not included in the above categories, will be the minimum rate, plus 100 percent, for all items other than cloth and silk, synthetic or artificial textile products, for which the maximum rate will be 200 percent.

The maximum rate is not applicable to private imports."

Michel Jean Joseph
Director General

5157
CSO:3219/6

HAITI

SCHEDULE FOR FORMATION OF NEW RURAL COUNCILS

Port-au-Prince LE PETIT SAMEDI SOIR in French 12-18 Jul 86 p 20

[Text] Pursuant to the 26 June 1986 decree pertaining to the organization of the Rural Section, the minister of interior and national defense has announced that the Administrative Councils of the Rural Sections (CASER) will be established, on an exceptional basis, as follows:

a. Each household in each Rural Section will appoint a representative;

b. The representatives chosen by the households in each Rural Section will meet in the town hall to choose three CASER members from among their number by lottery; and

c. Each commune will publish a communal decree approved by the Ministry of Interior announcing the names of the members of the CASERs.

The activities pertaining to the formation of the CASERs will follow this schedule:

23-28 June 1986--Meeting of prefects and commanding officers of military departments at the Ministry of the Interior and National Defense (activities already completed);

30 June-5 July--The prefects and officers commanding departments will meet at the district seats with the commanding officers of the districts, communal commissions, district agronomers and other officials;

7-15 July--The district commanders, mayors, district agronomers and other officials will meet at the commune seats with the section chiefs and other general development agents;

15 July-16 August--Promotion efforts with the population in the Rural Sections;

18-25 August--Selection of household representatives;

25 August-18 September--Lottery to select CASER members;

9-19 September--Publication of communal decrees ratifying the CASER members chosen; and

Ceremonies to install the CASER members.

Issued in Port-au-Prince on 4 July 1986.

Williams Regala, Colonel FAd'H
Minister

5157
CSO:3219/6

HAITI

BRIEFS

NOTICE ON PRIVATE DISPUTES--The minister of justice has made it known that since he does not have court jurisdiction, he cannot legally and does not intend to hand down any decisions in cases involving disputes between private parties. Such cases come under the exclusive jurisdiction of the courts which in the judicial, and not the executive, branch. The role of the government commissioners in the executive branch is clearly defined by law, and they are required to abide strictly by the norms governing their duties. A tendency to become alarmed by this or that court decision has been noted in some sectors. The minister of justice reminds the people that the prestige and good faith of the government should in no case be placed in doubt because in the opinion of one of the parties to a suit, or any other individual, a judge has erred in his decision. The present judicial system guarantees full respect for rights. A decision handed down by a court of the first instance may be challenged either by filing for a stay or by appeal, with eventual recourse to the Supreme Court of Appeal. It is understood that the government will ensure that judges adhere to the norms of integrity to which they are subject. [Text] [Port-au-Prince LE PETIT SAMEDI SOIR in French 2-8 Aug 86 p 7] 5157

CSO:3219/6

U.S. TOLD: SOCIAL INJUSTICE SEED OF COMMUNISM

Tegucigalpa LA TRIBUNA in Spanish 5 Jun 86 p 5

[Editorial: "What Capitalism Does Not Understand"]

[Text] There is no question that we live in a world filled with demands and tensions that almost always degenerate into violence. The new clashes with the old. There is a bitter struggle between established systems and movements that relentlessly question them.

One very obvious conflict now is between the surprisingly prodigious advance of science and technology and the stagnant or obsolete social systems and cultural standards.

The psychosocial structures of today's world do not provide an adequate framework for a technology capable of creating great material wealth for all mankind.

On the international scale, a minority of privileged countries controls and consumes the majority of the world's assets while the proletarian nations--which are the majority--live in precarious conditions of poverty and dependence.

The same phenomenon is seen in societies: a few possess most and the many possess little. That is not just a saying; it is the bitter truth.

The capitalist world seems insensitive or, rather, indifferent to the heartbreaking problems that the poor nations and peoples of the earth suffer. Its only interest lies in exercising more power or influence over the impoverished peoples.

Modern regulated capitalism and the state that supports it exercise their power through various political and economic mechanisms. We live in what is called a consumer society which subjects man to an unbearable process of depersonalization.

We cannot ignore the fact that dehumanized capitalism is more than ever determined to increase its wealth. When it reluctantly extends a hand to the poor countries, it does not do it out of altruistic motives but to defend its interests when these are in danger.

For example, Central America used to be considered Uncle Sam's fiefdom. Nothing happened here; everything was quiet. One Honduran ruler even dared state that there were no social problems in this country.

In that dark historic time, the United States acted as procurer for the obscurantist and retardant dictatorships.

We do not deny that there are still pressures and influences on our destiny. It would be stupid to deny it. However, it is true that, at least now, we can save face.

Perhaps that slight change in U.S. policy is due to the presence of communism in the hemisphere. After more than 25 years of Marxist-Leninist revolution in Cuba, there is no turning back. Talking to the new generations on the island--who are politically aware to the marrow of their bones--about the democratic system is like talking to them about a thing of the past.

Nicaragua is on the same road, with the aggravating circumstance that its zone of influence in an area submerged in poverty and despair is even larger than Cuba's. Geography helps communism in Central America. If we add an economic situation with alarming connotations, the country to the north should be concerned. Nicaragua is a dagger in the very heart of the hemisphere. Whether or not the Contadora Act is signed, there is no hint that a change, a rectification from totalitarianism to democracy, can occur. Communism came to Nicaragua to stay. Only armed action can prevent it and it is already known that our peoples do not want war. It would be a tragedy.

The United States must take into account that poverty and misery, along with social and political injustice, are the driving forces that favor communism. If capitalism does not understand that truth, it is hopelessly lost.

7717
CSO: 3248/613

PDCH PRESIDENTIAL HOPEFULS VIE FOR NOMINATION

Palma Confident

Tegucigalpa LA TRIBUNA in Spanish 18 Jul 86 p 7

[Text] Ruben Palma Carrasco, candidate for the presidency of the National Directorate of the PDCH [Honduran Christian Democratic Party], said yesterday that he will be victorious in the National Assembly that begins today in Tegucigalpa. He denied accusations of "favoritism" or "support" from the current leaders of that political party.

In a press conference, Palma Carrasco outlined his proposed work program for the next 2 years. He emphasized that, according to projections, the PDCH should attain national power in 8 to 12 years.

He indicated that the first election in 1981 was the PDCH's "trial by fire," while the second election in 1985 "placed the PDCH in an important political position with a good share of power based on a clearly defined political path and the support of the people."

However, he revealed that the challenge that they face "is more important" because it is necessary to lay the foundation for better organization, deepen the proposals for a new political philosophy through formation, and expand internal democracy. He maintained that this is the way to attain power.

Considering the deadline that has been set to attain power, Palma Carrasco revealed that this means that "the PDCH must double its votes in the municipal and national elections every 2 years."

He reported that the PDCH must have some 60,000 votes by the 1987 elections. "Therefore, there must be better organization, deeper political formation, improved mechanisms of administration, communication, etc."

Broad Majority

The members of his movement stated that they have won 11 of the 17 departmental assemblies held and that the delegations of 14 assemblies support his candidacy. This demonstrates that they have worked based on reality and a well designed plan.

Palma Carrasco also stated that "consciences have never been bought to win votes. No good Christian Democrat can adopt a mechanism like that to control the power of the party. Those practices are typical of the traditional parties, not our party."

Also he maintained that "there were never any irregularities at the Cortes Departmental Assembly." He said that if he himself had detected any irregularity, "I would have made them known at the National Assembly."

Palma Carrasco revealed that those protests about alleged irregularities are nothing more than signs of weakness and desperation. It is an attempt to confuse the Honduran people, specifically the Christian Democrats, and make them believe that the procedure for the selection of the Cortes delegates was irregular. However, he emphasized that everything that happened there was legal.

Finally, he appealed to his followers not to be surprised by his opponents' attempts to confuse them and make them appear to be violators of party principles. He stated that he will triumph in the National Assembly and this "will also be a victory for Honduras."

Palma will face his so-called "opponents," Benjamin Santos and Pedro Mendoza. According to members of all the groups, the National Assembly could be the framework to accentuate the crisis or to achieve unity in the PDCH.

Favoritism Rampant

Tegucigalpa LA TRIBUNA in Spanish 18 Jul 86 p 7

[Text] One candidate for the presidency of the National Directorate of the PDCH, Benjamin Santos, accused the current leadership of that political party of "misinterpreting" the opposition to the Cortes Departmental Assembly with the objective of favoring the candidacy of Ruben Palma Carrasco.

Santos appeared at a press conference yesterday on the eve of the installation of the PDCH National Assembly. He stated that "the opposition presented was not aimed at invalidating the Municipal Assembly of San Pedro Sula but the Cortes Departmental Assembly. Its 30 delegates were not elected but appointed, without consultation, in open violation of our statutes."

He warned that this Friday when the credentials review committee studies the case, it will have to submit it to the National Assembly. It is the top level of the PDCH and must decide if those delegates are legitimate representatives or not.

Santos revealed that although the National Directorate has maneuvered to favor Palma Carrasco, the National Assembly will decide what is best for the party. "It is time to end the sectarianism and redirect the PDCH along the true paths of its philosophy and political doctrine."

Santos added: "I am confident of the endorsement of the delegates because we have a work plan that is consistent with PDCH reality and we have a slate that includes the best forces of the party."

This slate is made up as follows: Benjamin Santos, president; Orlando Iriarte, vice president; Marcial Caballero, secretary; and Luis Matias Giron (Cortes), Eleazar Martinez (Colon), Martha Amaya (Santa Barbara), and Juan Alberto Ordonez (Francisco Morazan), members.

The Disciplinary Committee is made up of Fernando Montes, Juan Ramon Martinez, and Ricardo Erazo (Ocotepeque). The advisory committee is headed by Dr Hernan Corrales Padilla. Alternates are Jose Maria Maradiaga (Choluteca), Feliciano Diaz (Lempira), and Mario Erazo (Francisco Morazan).

7717
CSO: 3248/613

RODAS IMPLICATED IN CONTRABAND CASE

Charges Outlined

Tegucigalpa LA TRIBUNA in Spanish 4 Jun 86 p 9

[Article by Rene Cantarero; first two paragraphs are LA TRIBUNA introduction]

[Text] The attorney general of the republic, Ruben Dario Zepeda, told LA TRIBUNA that, today at 10 am, he will personally present a formal criminal indictment in the First Criminal Court of this district. The indictment against a Costa Rican and four Hondurans including the deputy minister of the presidency, Ana Joaquina Rodas Baca, is for the crime of smuggling and tax fraud.

Zepeda exclaimed: "I am shocked....This is a national scandal....I have to set a precedent. Consequently, tomorrow (today) at 10 am I will appear before the head of the First Criminal Court, Rafael Medina Irias, to present a criminal indictment against those mentioned." He showed LA TRIBUNA the official document from the Treasury Police concerning this crime. It had been reported by this morning paper.

Golden Dagger

The official said angrily: "I will act without any reservations against anyone who commits a crime against the state, no matter who, what rank, or what political shade. They have to pay for their misdeeds and I am the one who has to watch closely so that this is done to the letter of the law. These are the strict obligations that the law imposes on me and that the National Congress expects of my position."

He said: "To do otherwise would mean directly participating in criminal acts and I am not used to doing that. I will not kiss the dagger, as the illustrious Honduran poet Ramon Ortega said, even if it is golden."

Precise Orders

In front of this reporter, the attorney general ordered the prosecutor's assistant, Attorney Jose Antonio Taixes, called immediately so that he and his chief, Manuel Callejas, could prepare the corresponding brief for the criminal indictment that will be presented today.

Zepeda ordered Taixes: "I want you to analyze this 'bomb' and write the corresponding brief. I need it before 10 am tomorrow. I personally am going to present the indictment."

The Accused

The official said: "I am going to proceed in accord with this document that I have in my hands." Based on it, "I will present a formal criminal indictment for the crime of smuggling and tax fraud against a Costa Rican, Alvaro Castillo Soto, and against Hondurans Pedro Reynaldo Ponce, Urbano Posada Lainez, and Geovany Rafael Zapata Campos, as perpetrators, and Ana Joaquina Rodas Baca, deputy minister of the presidency. Judge Medina Irias will determine her degree of participation in this crime once the evidence is presented."

He explained: "At this time, I am issuing an order to the General Customs Directorate to place the entire shipment of red beans and the vehicles that were seized from Transportes Aliados under the jurisdiction of the First Criminal Court of this district. As I understand it, the brother of a colonel in the National Army is in charge of them."

He commented: "What I have in my hands is more than enough evidence to initiate criminal proceedings against those mentioned. It is the first time that I know of that an official, through official documentation, has defended a criminal like this Costa Rican. He even used the name of a worthy institution like the Red Cross of El Salvador to pass a large shipment of smuggled basic grains legally through Customs at El Amatillo."

Official Must Give Statement

The attorney general stated that since deputy minister Rodas Baca is mentioned in the official report of the Treasury Police, she must give a statement to the appropriate judge.

Article 335 of the Criminal Procedure Code states as follows concerning state officials: "The following are exempt from answering the summons of the judge but not from making a statement: the head of the Executive Branch, the secretaries and assistant secretaries of state, the head of the Armed Forces, and the head of the Armed Forces General Staff."

This article also covers "the deputies to National Congress, the judges of the Supreme Court of Justice, judicial authorities in a higher position than the one who receives the statement, diplomatic representatives accredited before the Honduran Government, the general comptroller of the republic, the attorney general of the republic, the presidents of the state bank institutions, and the presidents, directors, or managers of the autonomous state organizations, whatever their degree of autonomy."

It also includes "the commanders of military corps, the chiefs of military zones, political governors, revenue and customs administrators, the departmental delegates of the Public Security Force in whose territory it would be necessary to make the statement, and the archbishop, bishops, and vicar generals or capitulars."

Prerogatives of Judge

Article 119 of the Code establishes that "the judge who finds merits to indict one of these officials to whom the Constitution of the Republic refers for a common or official crime is required to hear the first proceedings, refraining from arresting the accused or causing him trouble."

The judge must also apply Articles 120, 121, and 122. Judicial action is based on Article 337 of the Code which clearly states that "except for illness or physical impossibility, everyone is required to present himself to the court when summoned. However, when it is necessary to examine top state officials, the judge will go to their residence or office to take their statement."

Other Law

Judge Medina Irias will also have to apply Article 8 of the Smuggling and Tax Fraud Law in this case because it clearly indicates that "those who knowingly facilitate the commission of crimes of smuggling and tax fraud, helping or aiding the perpetrators in the acts that constitute these crimes, are accomplices."

It is expected that Article 16 will also be applied. It concerns the corresponding penalties. The attorney general revealed that he hopes Judge Medina Irias will apply the laws strictly "in order to set a precedent in this shocking case."

Claims Innocence

Tegucigalpa LA TRIBUNA in Spanish 4 Jun 86 p 9

[Text] The deputy minister of the presidency, Ana Joaquina Rodas, yesterday denied accusations that she protects smugglers of basic grains.

However, the official repeated that she helped a friend of hers whom the Treasury Police cited as being responsible for smuggling beans to El Salvador.

She said that 2 months ago she received a call from a Costa Rican, Alvaro Castillo, who had been arrested by migration officials at the Toncontin airport.

She added that she did not know if her friend Castillo had broken the law "but since he is my friend, I had to help him like I help all my friends. When one is a friend, one must act like a friend."

The deputy minister said that she spoke with the migration officials and they returned his passport. Her friend, Castillo, gave a statement to the Treasury Police and then left the country.

"Everything I did was legal. If the migration officials let him leave the country, that is their responsibility because they knew perfectly well what hotel he was staying in." However, she said that she explained the entire matter to President Jose Azcona and there was no problem. She also stated that she will continue in her position as long as the president does not say otherwise.

7717
CSO: 3248/612

COLINDRES ASSAILS FOREIGN SERVICE

Tegucigalpa LA TRIBUNA in Spanish 13 Jun 86 p 8

[First paragraph is LA TRIBUNA introduction]

[Text] "The Honduran foreign service is corrupt," stated the presidential hopeful of the Liberal Party, Enrique Ortez Colindres, yesterday. He was commenting on the latest appointments to embassies and consulates.

Ortez Colindres served in the diplomatic corps in France at the end of the 1950's. In 1983, he was Honduran ambassador to the United Nations. He said that he was aware of irregularities committed in some diplomatic missions.

He revealed that passports were sold to Nazi war criminals for $15,000 each at the Honduran Consulate in France after World War II. Those responsible for that crime were never punished.

He also denounced the fact that many consulates in Europe traffic with the national flag. Honduras has one of the largest shipping fleets in the world although those ships have never docked at Honduran ports.

He indicated that those ships that plow through the seas under the Honduran flag are used for drug traffic to the country's discredit.

The presidential hopeful recalled that many government officials and "unscrupulous politicians" take advantage of the diplomatic service to send their children to study abroad. They are appointed cultural attaches which allows them to collect a good salary.

Ortez Colindres said that the new government must select the best qualified Hondurans to fill the diplomatic and consular positions. "It must be remembered that a great task awaits us, the solution of the border dispute with El Salvador."

He added that all Hondurans who work in the foreign service must play an important role from the informational point of view during the case that the two countries will take to the International Court of Justice in order to resolve this border problem.

Finally, he warned that if Honduras loses part of its territory because of that case, the Liberal Party will be blamed even though the National Party is responsible because it is running the Ministry of Foreign Affairs.

7717
CSO: 3248/612

HONDURAS

RENDON JOINS PRESIDENTIAL HOPEFULS

Tegucigalpa LA TRIBUNA in Spanish 10 Jul 86 p 10

[First paragraph is LA TRIBUNA introduction]

[Text] Arturo Rendon Pineda, former presidential appointee and current minister of tourism and culture, confirmed his presidential aspirations yesterday. He hopes the Liberals select him as their candidate. At the same time, he condemned the partisan position that has been taken against members of the Liberal Party.

Rendon Pineda stated that he is not supporting premature candidacies "because we feel that this hurts the government and the unity that should be formed in Liberalism."

The minister of tourism becomes the seventh member of President Jose Azcona's cabinet to publicly confirm his participation in the partisan struggle.

The others are: Rodrigo Castillo Aguilar, minister of natural resources; Raul Elvir Colindres and Rumualdo Bueso Penalba, minister and deputy minister of government; Efrain Bu Giron, minister of finance; Celeo Arias, minister of the presidency; and William Hall Rivera, private secretary to the president.

Rendon Pineda stated that he is not for or against anyone. "We merely want to be for the interests of our country and the Liberal Party in which we have been active our entire life."

He added: "It would be lying if I said that I do not have aspirations. We have rights and obligations as Hondurans and as Liberals."

However, he indicated: "It would be risky to say that I am going to launch my candidacy because that will be the people's decision."

Rendon Pineda is the fourth official candidate. The president and vice president of Congress, Carlos Montoya and Jorge Maradiaga, and foreign affairs analyst Ramon Villeda Bermudez have already launched their candidacies.

7717
CSO: 3248/613

COFFEE PRICE FALL CAUSES CONCERN

Tegucigalpa LA TRIBUNA in Spanish 25 Jul 86 p 3

[First paragraph is LA TRIBUNA introduction]

[Text] The situation of the coffee export market is very gloomy despite what officials of the Central Bank of Honduras have said. Their data, apparently correct, actually reflect the opposite.

Last Monday, Honduran exporters met with President Jose Azcona to tell him about the serious situation. Although reports on this demonstrate an optimism that does not exist, the government itself is aware--or does not want to understand--that the current situation presages a very questionable future.

At the end of last week, a very reliable source reported: "The way things are, coffee exporters will be forced to close operations unless the government becomes flexible and more aware of what is approaching."

The meeting held Monday was considered a failure by impartial observers. Promises were made like the promise to form a "committee" on this, but they do not provide guarantees for the exporters. The problem lies in three specific points: the drop in coffee prices on the international market; the impossibility for exporters to immediately pay import duties (their bank accounts have decreased considerably, approaching zero); and the lack of cooperation from the government. It does not grant reasonable terms for payment of their debts to the government--which they fully acknowledge--or, at least, permit renegotiation.

The exporters were very surprised when this last alternative was achieved. Exchange certificates had even been signed when they suddenly received peremptory demands that they immediately pay the debt which was impossible.

The source emphasized the "manipulation" of the information from the Central Bank officials. It covers a period that does not clearly reflect the situation.

The informants were very surprised by this attitude. After seeking solutions to the problem at the highest level, they are completely disillusioned. However, they have not eliminated the possibility of closing their operations.

At least seven enterprises are in this situation and it is very likely that others will also close. This would cause a terrible financial panic that would greatly affect private banking which is very involved in the export business.

This is not speculation but rather an attempt to get the government's attention so that it revise its coffee policy. If the coffee sector goes under, Honduras could fall into an economic recession of incalculable proportions, much worse than now.

Our informants added: "Don't be surprised if a total 'crack' of this export sector, which we are on the verge of, wipes out some private banks. It is a serious matter. They are playing with fire because the national economy depends to a great extent on coffee."

In short, it is felt that the government has not treated the matter with the seriousness it merits. Although many question it, the country is facing a clear economic challenge that does not presage anything good.

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CSO: 3248/612

HONDURAS

BRIEFS

CALLEJAS ASSUMES TNE POST--Roberto Antonio Callejas, National Party representative on the TNE [National Election Court], became president of that organization yesterday. He replaced another party member, Cesar Augusto Tome Rapalo, delegate of the Supreme Court of Justice. Based on the legal rotation of positions, the vice presidency went to Tome Rapalo and the secretariat to Yolanda de Vargas (PINU [Innovation and Unity Party]). Pompilio Romero Martinez (PL [Liberal Party]) and Adan Palacios (PDCH [Honduran Christian Democratic Party]) are members. The National Party has two of the five votes of the TNE which gives it an advantage over the other parties, especially the PL. Although this party won the last elections, it yielded control of the Supreme Court of Justice. Under the previous government, in addition to its party representative, the PL had the vote of the delegate of the Supreme Court of Justice. [Text] [Tegucigalpa LA TRIBUNA in Spanish 3 Jun 86 p 6] 7717

CSO: 3248/612

MEXICO

PRI SINALOA CANDIDATE PROPOSES TRANSPARENT BALLOT BOXES

Monterrey EL NORTE in Spanish 9 Aug 86 p 1-A

[Text] Mazatlan, 8 Aug--Francisco Labastida Ochoa, the PRI candidate for governor of Sinaloa, today called for transparent ballot boxes at the upcoming 26 October elections.

The aim is to give the people increasing confidence in the fairness of the election results and to prevent parties and groups from magnifying or distorting the shortcomings or limitations that may characterize the electoral machinery, the candidate indicated.

In a letter to the PRI state president, Dr Mariano Carlon Lopez, Labastida Ochoa points out that "no one is more interested in seeing the vote respected than PRI."

The candidate suggested that the party leader make eight proposals through his representative on the State Electoral Commission:

1. Construct the ballot boxes of translucent material.

2. Complete the updating of the list of voters and make it available, with all of the changes, to all political parties.

3. Make the necessary efforts to distribute voter credentials, with the appropriate corrections, by the legal deadlines.

4. Precisely establish the procedure for the vote count at polling places once the voting is over, requiring that the representatives of political parties present their objections, if any, in writing at that time.

5. Widely publicize through the State Electoral Commission how the polling places are to operate this coming 26 October.

6. Invite the mass media to inform the citizenry extensively and opportunely of its deliberations and decisions.

7. Perform all election procedures in strict accordance with the law and its regulations as to time, form and substance, continually communicating to the parties their rights and obligations.

8. Provide supporting evidence for any protest by parties.

8743
CSO: 3248/587

BISHOP LONA DENOUNCES OAXACA ELECTIONS AS FRAUDULENT

Mexico City UNOMASUNO in Spanish 18 Aug 86 pp 3, 9

[For related article by Bishop Arturo Lona, see JPRS LATIN AMERICA REPORT of 10 July 1986 (JPRS-LAM-060), pp 94-107]

[Text] Tehuantepec, Oaxaca, 17 Aug--At the elections this past 3 August the government "struck blows at and in many cases killed" the right to vote of the citizenry by means of blatant fraud in favor of PRI candidates, who are supported by caciques and the government. The voter lists themselves are proof of this, inasmuch as more people voted than were registered, ballot boxes were stuffed in advance, and in many cases even dead people voted, among other tactics.

Bishop Arturo Lona Reyes made these remarks in an interview, asserting that authorities in this region lie and accept bribes even though many call themselves Catholic while ignoring the commandments. In the wake of the recent elections, he stated, once again "I will repeat the message that I have voiced since 1971, when I arrived in this diocese, and that has put me in the sights of the Interior Secretariat: the people no longer believe in government officials because of their constant attacks on civil rights, and collective tensions that will later be regretted have been created."

Several times, he said, "I have spoken with Manuel Bartlett and with the governors of Oaxaca and I have told them that the people of this region no longer believe in them." The problems of economic backwardness and the violation of democratic rights are going to lead to an explosive and disastrous situation, he warned, unless the government opens up and changes things.

He stated that there are tensions and conflicts in the isthmus of Tehuantepec. People are starving to death in the highlands. We could wind up with explosive situations if the government insists on maintaining its political monopoly and continues to neglect the indigenous communities, because the announced rural assistance programs never reach this region. At present there are severe shortages of basic foodstuffs; there is no corn, even in the CONASUPO [National Company for Basic Commodities] stores.

Lona also spoke of the political impact that the Church's pastoral work has had in the 53 municipalities that make up the diocese of Tehuantepec. He indicated that the Church has not created the independent grassroots movements that have arisen in the region; it has instead planted a seed that makes possible a change in the attitude of the poor, an awakening of political awareness and an abandonment of submissiveness. This contributes to the growth of the democratic and independent political organizations, mainly COCEI [Labor, Peasant, Student Coalition of the Isthmus], with which the efforts of the grassroots church coincide. Also, in the areas in which these groups have not yet been formed, there is already a social polarization because the Indians (70 percent of the population in this area) are now defending their dignity and their rights.

In the communities to which COCEI's political work has not yet spread, the gains in the population's political awareness are being expressed in various ways that are available to them, such as producer organizations or even in elections, by getting PRI to nominate democratic candidates that represent the people.

The bishop acknowledged self-critically that during his first few years as head of the diocese he performed relief work in the communities. "But soon I realized that Jesus was asking for something else, the advancement of human beings, in other words," meaning the awakening of an awareness for liberation. "And that's when the war began." He said that "gaps started to appear on my agenda" for religious celebrations by wealthy families. The campaign "against the corrupt bishop" began. The caciques and the authorities no longer went to church, but the poor began coming in greater numbers.

The goal of the diocese became clear in 1980: "in solidarity with the poor, to form awareness groups in which the people will commit themselves, through a liberating evangelization, to a new model of a more popular church that will create a new man and society as a forerunner of the kingdom of God."

In one respect it concurs with the democratic political organizations, in other words, in seeking radical social change, not "a patch job," and on the need for the people's liberation. But the Church is not just against the corrupt system; its goal is more transcendental, because it seeks the Christian utopia. In this regard, the work of the grassroots church communities encompasses politics as part of human experience, but it goes further.

The diocese's efforts towards this goal were difficult at first, Lona explains, because traditional religion, which must be understood and shared, prevails in the Indian communities. Moreover, the southern regions of the country have always been very neglected politically. Therefore, the diocese had to begin at square one and seek new paths, aiming for a church on the move that would adopt the traditions and customs of the people.

Lona acknowledges that in working towards the liberation of the poor he went overboard in some of his preachings, which had too radical a bent. "We launched the gospel in favor of the poor without a word of warning," he says, adding that his sermons were far from tactful, which prompted a falloff in the attendance of the wealthy at religious celebrations. [Remainder of article is illegible] [end translation]

8743
CSO: 3248/587

CIOAC ACKNOWLEDGES SAN CRISTOBAL BISHOP'S LETTER OF SUPPORT

Mexico City ASI ES in Spanish No 173, 5 Jul 86 p 10

[Text] Early this year, the Independent Central Organization of Agricultural Workers and Peasants (CIOAC) held a plenum in San Cristobal de las Casas, Chiapas, to take stock of what it had accomplished so far.

Like other revolutionary organizations, the CIOAC has exerted efforts to alter the anachronistic social relations within which so many injustices are committed against the peasants, it was stated at the plenary session, but the government's responses are well known. In the case of Chiapas, the administration of Absalon Castellanos has managed only to beat and shoot people. Many CIOAC members have fallen in the struggle; others are in jail, and the rest are familiar with the clubs of the police and the rifles and bayonets of the army.

Consequently, the battlefront that requires the most energy from the CIOAC is opposition to government repression. Therefore, it was said, the struggle for the release of prisoners and the demands that the aggressors be punished are a fundamental part of this front.

The plenum felt that there are great prospects in Chiapas and throughout the country for the growth and consolidation of the CIOAC.

The bishop of San Cristobal de las Casas, Samuel Ruiz, sent a message to the CIOAC plenum, which we have photocopied below.

Diocese of San Cristobal de las Casas
5 de Febrero and 20 de Noviembre
Chiapas, Mexico 292000

16 January 1986

Having heard the news that the CIOAC is holding its National Plenum in our state, we see it as an expression of solidarity with our battered peasants and of a firm desire to remain peacefully involved in their just causes, even though there have been irreparable losses on this account.

Do not stop seeking justice through equitable means, as you have so far.

Samuel Ruiz G.
Bishop of San Cristobal de las Casas

Tuxtla Gutierrez, Chiapas
19 January 1986

Mr Samuel Ruiz
Bishop of San Cristobal de las Casas, Chiapas

It was with great satisfaction that we participants at the 31st National Plenum of the CIOAC received your warm greetings and encouragement.

You can rest assured of our solidarity with and support for the great agrarian and social struggles of the people of Chiapas before, during and after the plenum that we held in Chiapas. Also, you can rest assured that nationwide the CIOAC recognizes the great importance of the social and educational efforts of the religious diocese that you are enthusiastically guiding towards democracy and justice.

Please accept our thanks, our brotherly greetings and our wish to strengthen relations between the CIOAC and your diocese.

Respectfully,

On behalf of the 31st Plenum of the CIOAC,

Jose Dolores Lopez
Fernando Rascon Fuentes
Jose Viesca Ruiz
Enrique Vazquez Hernandez

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CSO: 3248/587

PMT'S CASTILLO URGES JOINT ACTION WITH PAN IN CHIHUAHUA

Mexico City PROCESO in Spanish No 510, 11 Aug 86 pp 18-19

[Article by Francisco Ortiz Pinchetti]

[Text] Chihuahua--Heberto Castillo broke old patterns of the Mexican left and Luis H. Alvarez, weakened, his health deteriorated by 38 days of voluntary fasting, disobeyed doctors' orders and received the PMT [Mexican Workers Party] leader with a warm embrace.

The meeting took place at the newsstand in Lerdo Park, in this city. Castillo went there to express, with authority, to the PAN [National Action Party] leader "complete solidarity" with his battle for democracy, and "deep respect" for his decision to remain on a hunger strike. He urged him to give up his life in a different way. "Let's go together," he told him, "to tour the country. Let's undertake a national drive for democracy."

The Mexican Workers Party national leader had made a similar proposal a day earlier in Ciudad Juarez to the businessman, Francisco Villarreal, and to the homeopathic physician, Victor Manuel Oropeza, who, like Alvarez, have been on a public fast since 1 July, to demand respect for the citizens' desires.

The 57-year old Castillo suggested to them: "If you have decided to give your lives for this cause, I urge you to surrender them in the form of backing, not cash. In Mexico, the only path for both the left and the right is democracy. Let's fight for it together."

Villarreal and Oropeza accepted the suggestion in principle, making their decision to stop the strike contingent on Luis H. Alvarez' accepting it. The PAN member, for his part, did not preclude the possibility, though he reiterated his position of continuing the fast, which would mark its 42d day this Monday.

Victor Manuel Oropeza, a veteran critic of the system and founder of the PMT in Ciudad Juarez, and friend of Heberto Castillo Villarreal, a multimillionaire, for over 20 years, did not even know the national PMT leader.

The three met on Wednesday morning, 6 August (just a month from the state elections) at the encampment where the fasters have remained for 6 weeks, in the border town's Juarez Park.

The conversation took place around the table heaped with bottles of water, lemons and medicine bottles.

"I have come expressly to be in solidarity with you," announced Castillo. "And my solidarity is this: I deeply respect your decision; I think that you are setting an example of magnanimity and patriotism. And I believe that it is necessary to make use of those assets in more effective action to back the people's struggle for democracy. That is the course of action that I have come to propose to you."

They examined the political situation in Chihuahua. Oropeza expressed the view that, if the government decides not to respect the people's desires, and stands firm, its pretense will be exposed: "Then we shall know that we are under a dictatorship, and a dictatorship is not defeated by votes." Villarreal stressed the fact that the battle being waged in Chihuahua ceased to be a partisan battle a long time ago. "Since 7 July, this has not been a PAN battle. The two of us have no PAN connection; and, like the people, we are waging our battle."

Castillo told the fasters that, in his opinion, the government's decision had been made. "It will let you die," he warned them; arguing that the situation in Chihuahua is clearcut evidence that the people of one state of the republic cannot, on their own, take on the entire government of Mexico, with all its resources and its control over the news media. "So, the battle must not be one of an isolated state, but rather one of all Mexicans against the entire apparat of the system," he remarked, before proposing: "You are willing to die; you have decided to give up your lives for this cause. I suggest to you that you not give your life in cash but rather in backing; let's give it up together, for all that remains of our lives. Let's travel, let's tour the country, let's undertake a national crusade for democracy."

The PMT leader also noted that all the opposition political parties must abstain from participating further in local elections,proposing: "Let's prepare to confront the system together, in the 1988 federal elections."

In view of Villarreal's hesitation, Castillo emphasized: "We have never done it together. Let's do it, let's all go, PAN, PMT, PSUM [Unified Socialist Party of Mexico], PRT [Revolutionary Workers Party], and PDM [Mexican Democratic Party]: the real left and right opposition; but with a very clearcut position toward the government: Either it respects the will of the people, or we shall resort to violence. Insofar as I am concerned, I would be willing to die under those circumstances."

Oropeza asked: "Would PMT be willing to go beyond its party line to join such a movement?"

"Not only that: PMT would be willing to disappear, if it were necessary," replied Castillo.

The strikers requested time to reflect. That same afternoon, they gave Heberto Castillo a letter to deliver to Luis H. Alvarez.

In that message, Villarreal and Oropeza stated that Castillo's proposals "are in complete agreement with those that we have discussed, regarding citizens' participation and with what we have resolved to ask of the political parties: no participation in local elections." They also voiced agreement with the idea of undertaking a drive throughout the entire country, explaining: "To effectively gauge the results of this effort, it will be necessary to establish goals and, if they are attained, to set up a plan of action for the whole country." And they added that they would agree to stop their fast "if engineer Castillo's proposal is also acceptable to Luis H. Alvarez."

That night, with the local leaders of his party, Heberto Castillo visited the two international bridges blockaded by PAN members, as a measure to pressure against the electoral fraud. At the Isla de Cordova bridge, he unexpectedly met the writer, Fernando Benitez, who had also come to express his solidarity with the families that had been camping there for the past 3 days. Accompanying him was the PAN candidate for mayor of Juarez, Gustavo Elizondo. A few minutes later, Francisco Barrio Terreazas, the PAN candidate for governor, arrived and, with him, the PSUM municipal leader, Avelino Soto Ugalde.

So, in the view of hundreds of PAN supporters, a remarkable discussion took place there, just 10 meters from the international border, with the participants seated on plastic chairs forming a semicircle. The audience applauded each one's remarks enthusiastically.

Heberto Castillo said that Mexico's problem "is not a problem of left and right wing groups, but rather a problem of fighting for democracy." He admitted that, on that concrete issue of the battle on behalf of respect for the people's desires "I agree completely with PAN, and I'm not afraid to be identified with it. I think that its battle for political democracy is the battle of all Mexicans." And he reiterated his invitation: "Let's travel together, as missionaries of democracy."

Fernando Benitez expressed the view that what had been said by the national PMT leader "is the Bible." The author reviewed the history of Mexico cleverly and humorously, condemning the "insensitive, corrupt, and dictatorial" government, and stressing the extremely unjust conditions prevailing in the country.

Barrio Terrazas expressed appreciation for the solidarity "of such highly esteemed, capable, prestigious people," and noted: "We do not have their knowledge or intellectual capacity; what we do have, like them,is the decision to wage the battle for democracy, whatever the cost may be."

PSUM's Soto Ugalde, in conclusion, emphasized that the presence on that bridge of people of such different persuasions confirmed the fact that the battle currently being waged in Chihuahua is not the battle of one party," it is the battle of a people."

On Thursday, 7 August, Heberto Castillo went to the city of Chihuahua and, from the airport, directly to Lerdo Park, meeting with Luis H. Alvarez at its newsstand. He delivered the message from Oropeza and Villarreal to the PAN mayor, repeating to him the proposal that he had made to them in Ciudad Juarez. "I respect your course of action," he told Alvarez. "I admire your courage and determination." He also explained to him his position holding that the opposition should not participate in local elections, and should prepare for a "great national battle" in the 1988 elections.

They talked alone for nearly half an hour. Alvarez explained that his battle and fast are not on behalf of PAN, nor in defense of PAN's rights. "I am equally angry at what they are doing to other members of the opposition, what they are doing to the people, denying them their rights."

Castillo said that this decision entails the sacrifice of three lives, "a sacrifice that would unquestionably be useful, but would not do the system very much damage. I think that there are other ways of fighting."

Alvarez replied:

"Although the differences in our battles may be exaggerated, because that suits the system, there is a fundamental difference from you, engineer: I believe that violent struggle would not bring benefits to Mexico, but rather, the opposite. I believe in a peaceful struggle with civilian resistance. I realize that more determination and more magnanimity are required for that; but it is a struggle in which victory can be won. Mexico needs a new revolution, and I think that we can attain it through these courses of action."

Castillo said: "What I want least is violence. Violence already exists; there is poverty and hunger in Mexico. We must understand that Chihuahua is not Mexico, that what has happened and is happening here must be taken to the entire country. The republic must be convinced of this struggle. Imagine all of Mexico being as Chihuahua is now, with a conscious people, struggling for their rights without violence. That is what I want."

They took leave of each other affectionately. Castillo returned a few hours later for a response to his proposal. Alvarez gave him a typewritten sheet: "We must definitely (he wrote) put aside our typical over-anxious attitude and be willing to make alliances with other parties which agree on their desire for democracy, without discrediting or sacrificing the natural differences among the groups. The example set by Spain is encouraging.

"The fast may not achieve any change in the government's positions, but it could make the people aware and prompt them to action. Whether or not it is taken to its final consequences must be considered separately."

In his message, Alvarez also noted that non-participation in elections could prove to be an effective weapon for exerting pressure, "if substitute action is taken instead," but said that "intelligently handled participation, under propitious circumstances, could bring the same result."

The PAN member on a hunger strike precluded the possibility of electoral participation with a single candidate (something that Castillo did not propose); but mentioned that this does not rule out the possibility of taking joint action, "to weaken and hasten the downfall of the system, and to replace it with another that will guarantee the common welfare."

Castillo returned to Mexico City, confident that his proposal to Oropeza, Villarreal, and Alvarez to give up the fast and travel with him all over the country will ultimately be accepted.

On Friday, 8 August, at a press conference, Luis H. Alvarez confirmed his decision to remain on a hunger strike, inasmuch as the reasons which had prompted it have not changed.

2909
CSO: 3248/589

CHIHUAHUA 86 COMMAND IDENTIFIED AS PAN TERRORIST BODY

Mexico City EXCELSIOR in Spanish 14 Aug 86 STATES section p 1

[Text] Ciudad Juarez, Chihuahua, 13 August—Today, the PRI [Institutional Revolutionary Party] leadership charged that the "Chihuahua 86 Command" is not a guerrilla movement, but only the terrorist instrument of the National Action Party [PAN]; while the president of the Banking Center, Andres Jimenez Sierra, reported that, between 1030 and 1100 hours, there were telephone calls warning of alleged bombs set at COMERMEX, BANPAIS, and BANAMEX branches, which proved to be false.

"Chihuahua 86 Command is speaking again, because we have already carried out the first phase of our activities; now, during the second, we have set a bomb at each of three banks in the town," claimed the anonymous voice, as the bank official remarked, but these threats did not prompt the evacuation of personnel or customers, nor police intervention.

In any event, Artemio Iglesias and Diogenese Bustamante, chairmen of the PRI state and municipal committees, also noted that the losing PAN candidate for governor, Francisco Barrio Terrazas, had admitted beforehand the existence of that alleged radical group, when he disclosed to the press that there were anarchical groups in PAN which had requested of him "permission to kidnap, murder, or blow up buildings."

Both leaders precluded the possibility that a movement such as this right-wing "command" one could receive the approval of a population that "has proven to have a great sense of responsibility and civic awareness, and does not favor violence."

Iglesias and Bustamente did not specify the action that they would take against the alleged PAN foray into terrorism. The latter confined himself to asserting that "this is not a post-electoral type conflict, nor is it based on political differences." They stressed that it was true that "the assessment that people have that Chihuahua is in a state of upheaval with violence and that its people are up in arms is not fair."

This being the case, although the "command's" threats have been officially discredited, the tax collector Tomas Herrera Alvarez commented that, at an urgent meeting yesterday, the local authorities set up a security arrangement, just in case the telephoned threats should be borne out, as has occurred already, with the destruction of bank windows last Tuesday.

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END